

EUROPEAN NEWS

Mitterrand stakes position on foreign policy

BY DAVID HOUSEGO IN PARIS

THE FRENCH President, Mr Francois Mitterrand, has shown he intends to play an active role in foreign policy, whatever the shape of the government after the general election in March...

the right-wing opposition over two foreign affairs issues. The first is the privileged position which he claims for himself because of the "fact" that exists between the President and the "sovereign people" who elect him...

hostility. He says that he fears that it could produce what the US isolationist lobby and Soviet propaganda have failed to achieve—a separation of the US and European defence systems.

particularly enthusiastic about the importance of Franco-German relations, saying that "France has no better, more solid partner in Europe."

weight given to rebuilding Europe, as complementary. But he is strongly nationalist in his defence of French culture and industry, saying that he had admonished French officials who had broken into English at international gatherings.

Commission hint over airline competition

By Paul Cheverton in Brussels

THE EUROPEAN Commission is prepared to use its own powers to secure liberalisation of the air transport industry if political moves and legal action fail to reach the same end.

Bonn thinks decline in trade surplus possible this year

By Rupert Cornwell

WEST GERMANY'S massive trade surplus, which has long been singled out as an obstacle to better international economic equilibrium, could start to fall this year, from last year's record DM 75bn (£22bn).

Egyptian President Hosni Mubarak arrived in Bonn yesterday for two days of talks with West German leaders...

UK and France see eye to eye on major problems

By Robert Mauthner, Diplomatic Correspondent

BRITAIN AND France yesterday concluded that there was a "close similarity of views" between them on most of the major world problems, including in particular the future of the European Community, East-West relations and disarmament.

Roland Dumas, his French opposite number. The new warmth in the often chilly relations between the two countries was confirmed by Mr Dumas who said there had been a steady improvement in the bilateral atmosphere since the EEC's Fontainebleau summit of June, 1984...

Geoffrey and Mr Dumas yesterday particularly underlined the importance they attached to the outcome of last December's Luxembourg conference on Community reform. The fact that the Foreign Office made a point of issuing a statement on the subject is an indication of the British and French Government's desire to see Denmark accept the reform package...

The two ministers also noted that their views were very close on disarmament questions, including the latest proposals by Mr Mikhail Gorbachev, on which they would continue to consult each other regularly.

strong reservations about his proposal that they should not build up or modernise their nuclear forces during the first phase of the Soviet disarmament plan.

Warsaw Pact welcomes Nato troop cut offer

By Patrick Blum in Vienna

THE WARSAW Pact yesterday gave a guarded welcome to the offer by Nato before Christmas at the Vienna talks on reducing conventional forces in Europe.

Diplomats on both sides have displayed optimism about the prospects for overcoming the disagreement which has stalled the talks for almost 15 years.

commitment not to increase troop levels during the following three years. More negotiations would follow to decide further reductions.

without an adequate exchange of information, there could be no assurance that troops were not being returned into the reduction area.

Poland debates bill on foreign joint ventures

By Christopher Bobinski in Warsaw

THE POLISH Parliament yesterday gave the first reading to a new joint venture bill aimed at attracting Western capital as the country struggles to satisfy demands for debt repayment from both Western commercial banks and governments.

Poland would be looking to Western banks for further loans this year in a bid to cover demands by Western governments that credit repayments to them be stepped up.

Madrid aliens law angers Melilla

By Tom Burns in Madrid

POLITICAL tension was reported yesterday in the isolated Spanish garrison town of Melilla, on Morocco's North African coast, as Moslem shopkeepers maintained a general strike for a second day in protest at the proposed implementation of a new aliens law by the Madrid Government.

5.6 square mile municipality. Like Ceuta, Spain's other North African enclave which is situated across the Straits of Gibraltar, Melilla is claimed by Morocco and is a regular subject of debate among Arab politicians.

lowed unprecedented demonstrations earlier in the week over the legislation. In one incident several hundred women were beaten-charged by Spanish riot police who also fired rubber bullets and tear gas.

cluding some 12,000 troops. Moslems in Melilla, many of whom were born in the enclave or have lived there for years, say they are being denied Spanish nationality which they claim is theirs and are being classified wrongly as aliens.

Moscow sees the possibility of economic partnerships without too many political strings, writes Alain Cass, Asia Editor

Kremlin blows the dust off its Asia file

SOME TIME after coming to power last year, Mr Mikhail Gorbachev, the Soviet leader, seems to have taken a long hard look at his country's relations with Asia. It was not a pretty sight.

Union the chance of economic partnerships without too many political strings. It is a partnership Mr Gorbachev badly needs as he begins to modernise the Soviet economy.

at the very least, neutrality is vital to Mr Gorbachev's more vigorous foreign policy.

leave the Soviet Union's Pacific fleet dangerously exposed to US military might.

North Korea on his way home from Tokyo went largely unnoticed but there is little doubt that the Kremlin attach immense importance to its improving ties with Kim Il-sung's regime.



Soviet Foreign Minister Eduard Shevardnadze with his wife (right) shakes hands during his recent visit to Japan with the wife of his Japanese counterpart, Mr Sakazume Abe (centre).

between Mr Gorbachev and President Ronald Reagan of the US and subsequent hints dropped at the regular talks between Afghanistan and Pakistan suggest that the Kremlin may be looking for a political way out of the Afghan morass.

Lack of secondary recovery equipment blamed for oil decline

A KEY reason for the drop in Soviet oil output last year is the failure to produce enough machinery for secondary recovery to enhance oil fields production, according to the Communist party daily newspaper, Pravda, writes Patrick Cockburn in Moscow.

1982. The result is a low technical level and absence of infrastructure.

More than 85 per cent of Soviet oil is produced with the aid of water flooding, whereby pressure in an oilfield is increased by water injection. This has the disadvantage of meaning more water than oil is pumped to the surface.

produced from its oilfields from its current level of about 48 per cent of reserves in most fields. Pravda says that gas lift—the injection of gas down the oil well to make it easier for the crude oil to flow to the surface—is in common use in the US, but is only at the experimental stage in the Soviet Union.

all western Siberia will receive capital investments of roughly \$2bn (£750m) in the next five years, much of it on exploration drilling at deep levels and the introduction of better secondary recovery equipment to the oilfields.

Earlier in the week, Western European traders said that the Soviet Union had stepped selling oil because of a disagreement on prices.

Nevertheless, equipment for the oil industry is likely to be a priority in Soviet imports in a bid to maintain output while the country seeks to substitute gas for oil at the power stations and to construct more nuclear power stations is speeded up.

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OVERSEAS NEWS

Marcos promises a peaceful transition if he is beaten

BY CHRIS SHERWELL AND SAMUEL SENOREN IN MANILA

President Ferdinand Marcos, apparently changing tack in his campaign for a record fourth mandate as Philippines president, yesterday promised a new system of government if he won next week's election and a peaceful transition of power if he lost.

Nine countries meet on S. African trade ties

BY STEPHANIE GRAY

MINISTERS FROM nine southern African states started a two-day meeting in Harare yesterday to review attempts to disengage their economies from dependence on South Africa.

Pretoria sees net immigration in decline

SOUTH AFRICA'S skilled population is increasingly voting with its feet according to official figures for the first ten months of last year, Jim Jones writes from Johannesburg.

Net immigration declined by two-thirds to 6,134 from 18,038 in the corresponding period of 1984. The number of immigrants fell by almost two-fifths to 15,414 from 24,844, while emigration rose in the same proportion to 9,280 from 8,908.

Little progress at Amman talks

Five days of talks on the Middle East peace process between King Hussein of Jordan and Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, appear to have made little progress, Our Middle East Staff writes.

King Hussein wants the PLO to recognise Israel but Mr Arafat is insisting that in return the US must accept the right of the Palestinians to self-determination.

Lebanon fears return of heavy fighting

The threat of heavy fighting between Christian and Moslem militias in Lebanon intensified yesterday, our Middle East Staff reports.

The residence of President Gemayel came under artillery fire in reaction to the Christian refusal to endorse the Syrian-sponsored peace agreement between the country's rival factions.

EVIDENCE MOUNTS OF MASSACRE OF PRESIDENT'S OPPONENTS

South Yemen death toll put at over 10,000

MORE THAN 12,000 people are said to have died in the bloody conflict that swept South Yemen's president from power and plunged the country into chaos.

There are widespread reports of massacres of opponents of ousted President Ali Nasser Mohammed whose attempted pre-emptive strike against rival factions in the Socialist Party of South Yemen failed after more than a week of fierce combat.

A government official estimated that between 12,000 and 13,000 died in the fighting that left parts of Aden devastated.

Residents say bodies were piled in the streets and in shattered buildings subjected to rocket, artillery and tank fire.

It was driven through Tawahi, Maalia, Khormakar and Crater, the main commercial and residential districts, and saw abundant evidence of fierce street-to-street, house-to-house fighting.

Hundreds, if not thousands of buildings were damaged, many of them virtually destroyed.

The scale of destruction in this town of 330,000 is immense. The combatants appeared prepared to harness all firepower for their disposal in a fight to the death.

A Lebanese bartender, previously employed at the Commodore Hotel in Beirut and now running a restaurant in Aden, said the fighting in the first two days was the worst he had experienced.

"In fact, we call it another Beirut," said a government-supplied guide who works for the local October 14 official newspaper.

The charred and twisted wrecks of military vehicles, including tanks and armoured personnel carriers, are being cleared from the streets littered with debris from the fighting.

Thousands of cars were damaged in the conflict. The streets of Tawahi and Khormakar are lined in places with burned out vehicles caught in vicious crossfire.

Tony Walker reports from Aden on the state of the war-torn country

Mr Saleh Saeed, 37, said he was among about 150 people rounded up on January 13 and thrown into prison.

These prisoners were either held in an underground chamber, small 3 ft by 6 ft cells or in larger rooms. He said that in the early hours of January 18, guards machine gunned to death the inmates, including more than 50 people in the cell in which he was held.

There is evidence of wild shooting in the cell blocks at Gaar jail. Bars on the windows and doors twisted and bullet scarred.

Mr Saeed said guards returned later that morning to remove the corpses and cover up the evidence. He had escaped in the meantime.

Mr Saeed said fresh concrete had been plastered on the walls and floors to obscure marks

caused by ricocheting bullets. A heavy smell of DDT hangs over the primitive jail which stands at the foot of Khanfar Hill on which President Mohammed was building a large rest house and where he spent several hours on Monday January 13, the day he launched his attack.

Local officials claimed victims of the massacre at Gaar jail were buried in a mass grave next to the jail. An area of about 40 ft by 120 ft alongside the jail compound has been freshly ploughed.

Nasser Hussein, a 12-year-old boy whose house is nearby, said he heard shooting at the jail in the early hours of January 18. In daylight at around 8 am that day he had witnessed some bodies being taken away in trucks and others being buried naked in the mass grave next to the jail.

Mr Ali Ahmed al-Azri, director of the Khanfar Guest House, said that President Mohammed had arrived at about 10.30 am on January 13 in a convoy of three Toyota Landrovers. He was accompanied by three Politburo members and a number of officials of the Central Committee of the South Yemeni Socialist Party.

Mr al-Azri said the South Yemeni were highly agitated, made frequent phone calls and appeared alarmed by the course of events in Aden.

The killing of Ali Antar, South Yemen's vice president, along with two other Politburo members sparked the fierce conflict that brought South Yemen to the brink of civil war.

Unclear at this stage is the whereabouts and condition of Mr Abdul Fattah Ismail, a hard-line ideologue and Politburo member, who is believed to have been wounded in the wild shooting that broke out at the Politburo meeting.

Abyan province, whose governor, Mr Mohammed Ali Ahmed, appears to have been one of the instigators of the pre-emptive coup, is the former president's homeland.

President Mohammed is thought to have fled across the border into North Yemen from the town of Lower in Abyan.

A large rally was held on Wednesday in Lower, about 100 miles north east of Aden, in support of the new interim government. Crowds shouted anti-Ali Nasser Mohammed slogans and proclaimed their support for the new regime.

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Tan faces nine more charges

BY STEVEN R. BUTLER IN SINGAPORE

THE SINGAPORE Government yesterday broadened its case against Mr Tan Koon Swan, the Malaysian Chinese businessman and political leader, adding nine new criminal charges relating to dishonest securities transactions, fraud, and illegal use of over \$200m (\$8.8m) of funds belonging to Pan-Electric Industries, Growth Industrial Holdings and their subsidiaries.

Mr Tan, appearing in court, pleaded not guilty to all 15 counts against him, some of which carry maximum penalties of life imprisonment if proved.

The magistrate in Singapore's subordinate court added \$200m to the \$200m bail set last week, and ordered Mr Tan's passports impounded. A trial is now set to begin on May 5.

The trial has placed a question mark over Mr Tan's future as head of Malaysia's largest Chinese political party despite the Malaysian Chinese Association's refusal last week to accept a letter of resignation from Mr Tan. It has

been suggested that this may be a face-saving gesture and that Mr Tan's resignation may become unavoidable.

Hundreds of Mr Tan's supporters in the MCA, crowded into the court house in a show of support. Security was tight, although there were no incidents.

Mr Tan's bail was provided by Mr Robert Kwok, a prominent Chinese businessman with whom Mr Tan was not known

to have close business or political ties.

The charges, if proved, will shed new light on the sequence of events that led to Pan-Electric being put into receivership at the end of November with \$940m in debt.

The Singapore and Kuala Lumpur stock exchanges were closed for three days in early December when Pan-Electric's inability to honour forward share contracts threatened to lead to defaults by local brokers.

Mr Tan indirectly holds a 22 per cent share in Pan-Electric. Four of the new charges allege that Mr Tan, in collaboration with Mr Tan Kok Liang (no relation) committed fraud by attempting artificially to raise the price of securities of Grand United Holdings, Supreme Corporation, Ambassador Hotel, and Growth Industrial Holdings in order to facilitate financing for each company.

Mr Tan Kok Liang is a director of Pan-Electric

Singapore 'must adapt' or suffer economic decline

BY COLINA MACDOUGALL

SINGAPORE'S economy is in grave trouble and must chart a new path for development in the 1990s, according to Brig Gen Lee Hsien Loong, chairman of the city-state's key Economic Committee. He told a conference in London yesterday: "The recession of 1985 is a turning point. Unless we can move ahead, we shall be overtaken and cast aside."

Gen Lee, son of Premier Lee Kuan Yew, stressed that growth would become steadily more difficult with international trade no longer expanding, and an increasingly hostile trade environment. Internally the collapse of the construction boom and high wage costs has meant that the city state must find a new way forward.

His gloomy predictions were underlined by another senior government official speaking on Tuesday in Singapore: "We are in a recession," said first deputy prime minister Goh Chok Tong.

"To get out of it we have to take some painful decisions."

Singapore's economy showed an estimated 1.7 per cent contraction in 1985, and is expected to show zero growth this year. "From now on, additional increments of growth will be more and more difficult to achieve," Gen Lee said.

Singapore must tighten its belt, Gen Lee indicated, accepting a lower standard of living and working harder. To attract foreign investment, it must offer more than the developed countries. Singaporeans would have to "work a 44 hour week, do third shift duties, keep plants open 24 hours a day, accept hardship tours," Gen Lee declared.

Singapore must aim at a higher standard of education, lower costs, an improving infrastructure, and greater flexibility to persuade the multinationals to invest



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AMERICAN NEWS

IMF may declare Peru ineligible for aid

BY DORREN GELLESPIE IN LIMA

PERU's tense relations with the international financial community over its non-payment of obligations on its \$1.6bn (£1.0bn) foreign debt are coming to a head. The Government of President Alan Garcia has been informed that the International Monetary Fund is considering declaring the country ineligible for further financial assistance.

The IMF's board of directors is not expected to make a decision until after a mission has visited Peru next month. The Garcia Government, in agreeing to the mission, is insisting that this is no more than routine consent to the annual IMF inspection.

Call for Caracas Energy Minister to quit

BY JOE MANN IN CARACAS

THE Social Christian Copei Party, the main opposition force in Venezuela, yesterday called for the resignation of Mr Arturo Hernandez Cisneros, the Minister of Energy and Mines, for what they called "clumsy" handling of the nation's petroleum policy.

Administration's initiatives to "internationalise" PDVSA through investments in oil companies in other countries. Only last week the Lusinchi Administration announced it would invest around \$80m (£64m) in three foreign oil companies in order to secure overseas markets for its crude and refined products.

Reagan backs Savimbi's 'dream'

By Reginald Dale, US Editor in Washington

PRESIDENT Ronald Reagan yesterday lent his full support to the cause of Dr Jonas Savimbi, leader of the Unita rebels fighting the Marxist Government of Angola. The US wanted to be "very helpful" to Dr Savimbi, Mr Reagan said when the two men met at the White House.

Duvalier's grip weakens as army stands by

BY CARUTE JAMES IN KINGSTON



President Duvalier of Haiti: shaky dictatorship

ARMY commanders in Haiti have instructed troops not to shoot people taking part in a current wave of anti-government protests and riots except in cases of self-defence, diplomats in Port-au-Prince, the capital, said yesterday.

seem to have been taken by surprise by the intensity of public feeling against the regime.

The battle against the dictatorship has been joined by influential forces until recently expected to acquiesce to all that was necessary to keep the Duvalier dictatorship going.

The Association of Haitian Industries, has joined forces with the medical association and Protestant church leaders in calling for the establishment of a democratic government.

The Catholic church in the country had earlier suffered the regime's anger by publicly attacking the Government's human rights record.

So far Mr Duvalier has appeared impotent in dealing with the protesters who have taken to the streets demanding the President's resignation.

The news around the dictatorship tightened this week after protesters announced plans for a general strike from February 12 to 20.

Protest leaders in Cap-Haïtien said yesterday that if the strike ended with Mr Duvalier still in office, he would be "President of his own palace" and that it would take little time to remove him even from that position.

Despite the intensity of the protests and the clear popularity of the spreading anti-government sentiment, the events have not thrown up any leader who appears able to ride the wave of Mr Duvalier's unpopularity.

Over the years the President ensured that any one who indicated any willingness or ability to establish a viable and credible opposition was put behind bars.

Early in the protests youth leaders looked to the much-imprisoned Mr Hubert de Rouceray, a former government minister and diplomat.

He and other likely leaders such as Mr Sylvio Claude of the Christian Democratic Party (and who appears to have spent more time in than out of Mr Duvalier's prisons)

Managua accuses US of threat and blackmail

BY TIM COONE IN MANAGUA

THE PUBLIC meeting last Monday of Mr George Shultz, US Secretary of State, with the three leaders of the Nicaraguan counter-revolutionary guerrilla movement has provoked a sharp reaction from Managua.

Honduran armed forces chief says he will quit

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, IN LONDON

GEN Walker Lopez Reyes, chief of the Honduran armed forces and one of the most powerful figures in the country, announced yesterday that he intended to resign.

While Mr Reagan said that the US was "seeking a way to be of help" to Dr Savimbi, officials declined to give details of how that could be achieved. They repeated, however, that the Administration continued to oppose overt aid to Unita, as favoured by some members of Congress.

The senior official yesterday repeated the Administration's hope that Congress will approve a resolution of general support for Dr Savimbi, who is being hunted as an anti-Communist hero by American conservatives.

Gen Lopez Reyes took over the command of the armed forces in March that ousted Gen Alvarez Martinez, the military strongman.

France-Japan consortium leads fight for India pipeline order

BY JOHN ELLIOTT IN NEW DELHI

A CONSORTIUM of French and Japanese companies is believed to have emerged as the front-runner for a \$600m gas pipeline contract in India from Hazira on the west coast near Bombay to Jagdishpur near the border with Nepal in the north.

Japanese vehicle exports at new peak

BY JOHN ELLIOTT IN NEW DELHI

JAPAN exported a record 6.73m cars, trucks and buses in 1985, up 10.2 per cent from the previous record of 6.15m in 1984, the Japan Automobile Manufacturers Association (Jama) said yesterday, AP reports from Tokyo.

NEW SOVIET FIVE-YEAR PLAN UK seeks to clarify opportunities

BY DAVID BUCHAN

THE BRITISH Government is next week to press a Soviet trade minister for clarification on business opportunities in the new Soviet five-year plan, to try to reverse last year's sharp £200m decline in UK sales to the Soviet Union.

Table with 4 columns: Country, 1984 Imports, 1985 Imports, 1984 Exports, 1985 Exports. Includes Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, Soviet Union.

It submitted the lowest bid of \$610m (£435m) last year to construct a 1,700 km natural gas pipeline across India from Hazira on the west coast near Bombay to Jagdishpur near the border with Nepal in the north.

Exports to south-east Asia went up 7.1 per cent, reaching 710,573 vehicles and exports to Central America rose 9.5 per cent to 221,616.

Despite a 57m rise in exports to Eastern Europe, to a total of \$649m, lower sales to the Soviet Union reduced total UK exports to the Soviet bloc in 1985 from £1.5bn to £1.15bn according to Provisional Department of Trade and Industry figures.

UK Trade with the Soviet Bloc (4m) Imports: 1984, 1985; Exports: 1984, 1985. Source: DTI

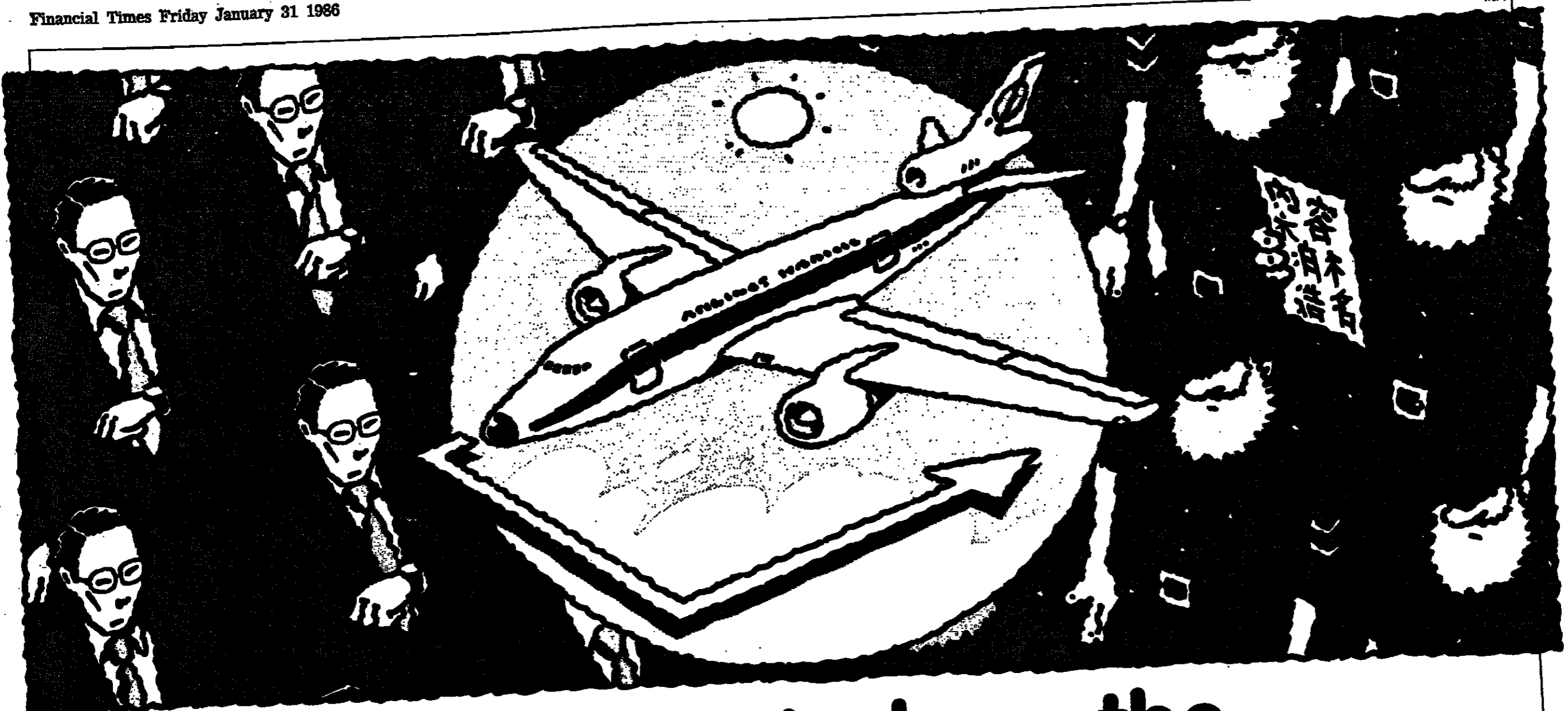
Company Notices: NOTICE OF REDEMPTION EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.) 6 1/2% 20 Year Bonds of 1967 due 1st March, 1987. Table with columns for bond numbers and amounts.

Lilley contracts F. J. C. Lilley, a Glasgow-based construction and civil engineering group, has won contracts worth a total of £52m for projects in the UK, Hong Kong and the US, Reuter reports.

Sabic signs polystyrene pacts SAUDI BASIC Industries Corp (Sabic) has signed licensing agreements with a French company and a US group for polystyrene production processes, it said yesterday.

Taipei approves energy projects TAIWAN HAS approved two infrastructural projects that offer foreign suppliers of various equipment and services more than \$700m (£500m) in potential sales.

Handwritten note in Arabic script: 'حکومت الامم المتحدة'



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as a market maker in over 50 issues. Of course they wanted the confidence of Chase's Euromarket distribution capability. A worldwide network, with sales teams in key financial centres, that adds up to sales of over \$1,000,000,000 a month, in short term Eurosecurities alone.

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UK NEWS

Britain backs joint European project for enriched uranium

BRITAIN is backing the idea of a joint European nuclear research programme, involving France, to develop a new way of enriching uranium for use in nuclear fuel.

David Lascelles on how one of the big banks is preparing for the City Revolution

A Big Bang gamble at Lloyds

WHEN the "Big Bang" restructuring of the City of London goes off on October 21, will Lloyds Bank be in front of or behind the starting line?

LLOYDS BANK is to invest £25m in a new subsidiary which will become a primary dealer in the gilt-edged market to be launched next October with the "Big Bang."

Output of North Sea oil rises by 3.2%

THE GOVERNMENT'S latest monthly energy statistics show Britain's oil production continuing to rise steadily despite falling world prices for crude.

Textiles sector urges 'made in EEC' label

THE BRITISH clothing and textile industries are to meet Mr Michael Howard, Minister for Consumer Affairs, in London today to press for a "Made in the EEC" label to be sewn into all clothes made in the 12 Community countries.

Philip Stephens examines the OECD survey of the UK economy Prospect bleak for employment

UNEMPLOYMENT in Britain is now almost as bad as during the depression of the 1930s, and the current problem appears more persistent and deep-rooted, the Organisation for Economic Co-operation and Development (OECD) says in a gloomy assessment of the outlook for the country's jobs.



The changes, however, will take time to make any real impact and the key question is whether the new realism among British workers would survive a return to full employment.

Growth expected to slow, inflation to increase

THE PACE of Britain's economic growth may slow to under 2 per cent by the first half of next year, while consumer price inflation is expected to accelerate slightly after a projected fall in the first part of this year.

Advertisement for Health First. Text: 'Group' discounts even if you work on your own. A special extra benefit that other plans don't offer. Some private health plans offer 'group' rates to businesses with upwards of 3 or 5 people. But the Health First Plan gives discounts to one self-employed person...you? Then, as your company grows the premiums reduce even more. Send for the Free Information Pack today. Just complete and post the coupon.

Advertisement for Chase Manhattan Overseas Banking Corporation. Text: CHASE MANHATTAN OVERSEAS BANKING CORPORATION. FLOATING RATE NOTES DUE 1993. For the six months 31st January, 1986 to 31st July, 1986. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 8 3/4% per cent and that the interest payable on the relevant interest payment date, 31st July, 1986 against Coupon No. 16 will be U.S.\$41.16.

Large advertisement for Financial Times Conferences. Section-Header: Cable Television & Satellite Broadcasting. Text: Hotel Inter-Continental, London 4 & 5 March 1986. Questions to be debated at the fourth Financial Times Cable Television & Satellite Broadcasting Conference include: * What programmes will Mr Maxwell and Dr Berlusconi provide on their DBS channels and will they be attractive enough to persuade the consumer to buy receiving equipment? * How will the three way battle for the European audience between Mr Maxwell, Sky Channel and ITV's Super Channel turn out? * How can the cable operators speed up the process of creating the critical mass of subscribers that will turn cable television into a serious business? * Are interactive services a business for the next decade rather than this? * Will the price of home satellite receiving equipment fall rapidly enough to pose a threat to the growth of cable? Some of the speakers taking part: Mr Robert Maxwell, Mr David Plowright, Mr John Ross-Barnard, Mr Alain Giraud, Mr Robert Kennedy, Mr Jon Davey, Professor Albert Scharf, Mr Manfred Lahnstein.

Handwritten note at the bottom of the page: 'مكنا الأهم' (The most important). There is also a red stamp at the bottom right corner.

TECHNOLOGY

Jane Rippeteau on the skyscrapers with electronic 'brains' and systems

High (rise) IQ ... or how buildings get smart

Also, he says, the system offered may come with more features than a small tenant could afford. Still, Reliance, with 1m sq ft under construction, is considering a shared tenant service in at least one building.

Honeywell, a long-time competitor of United Technologies in building automation systems, is far from deterred. It has just jumped with both feet into supplying not just the voice/data system but the entire soup-to-nuts smart building.

Honeywell prefers the term "integrated building" and estimates that the market in the

'It's best to consider each system on its merits and then buy the best for each application'

US alone will grow from 15 per cent of the \$2.2bn (£1.56bn) commercial buildings markets in 1985 to 40 per cent of a \$6.5bn market by 1995.

Honeywell has had test locations under study for some time. It has just underscored its commitment to the single-system concept by making an agreement with AT & T to use that company's multi-purpose "premises distribution system," or PDS, for building wiring.

Honeywell will market a package built around the wiring for building controls, computers and communication.

Because it makes the hardware for all three components, Honeywell claims it can effect 10 per cent savings on installation and up to 20 per cent of like-cycle costs over a multi-vendor system.

Honeywell is not at a loss for admirers. The company "really has a competitive edge," says Mino Akhtar of American Express. As a main vendor in building control systems it was able to bring its own computer technology into this area, she says.

Not everybody agrees with a single-source approach. "It all sounds great," says Norman

Merrill Lynch and American Express reserved the right to choose their telecoms packages

Kurtz, the engineer. Yet his company is now advising clients against the package deals. "It is best," he suggests, "to consider each system on its own merit and then buy the best for each application."

On basic building systems, he suggests building automation controls might be linked with security or life safety systems, but that lifts should stand alone. Voice/data communications should remain isolated because technology is changing far more rapidly in that sector and because "it is such a function of the needs of individual tenants," he says.

Merrill Lynch, investment bankers, and American Express came to that conclusion when negotiating their tenancy in the World Financial Center. While they and tenants in the compound's other building will have similar automation systems, each reserved the right to select their own telecommunications packages.

In London, Peter Kershaw, director of Stanhope Securities, which is developing the Broadgate office complex, says: "It's best to let the tenant install what they want." At Broadgate, where Security Pacific and Shearson Lehman American Express will be moving into the first 500,000 sq ft, British Telecom and Mercury are installing lines, he says.

The variety of players and preferences shows that the best means of marshalling the components of the smart building of the future are still in a state of flux.

wired for dual communications. Yet this trend is accelerating. "This will all be commonplace in five years," says Norman D. Kurtz, principal of New York City's Flack and Kurtz, one of the leading mechanical and electrical engineering firms in the US and a big participant in the market.

At CIGNA, the big American insurance company, communications specialists are studying a new satellite system that would permit cost-effective transmission from headquarters computers to remote locations—even to the home of independent insurance agents, for instance.

The company already has satellite links among three offices. These permit an agent writing policy in Springfield, Illinois, for instance, to query a computer in Voorhees, New Jersey, from his desktop terminal and have a reply in seconds.

"It is a proven technology," says Steve Swarg, assistant vice-president for data communications at CIGNA. Although he says, "it is still the exception in our own network and among companies generally."

In cost terms, he says, the satellite technology is not effective unless a sufficiently large volume of data is transmitted, the distance is at least between 500 and 800 miles and the user plans to occupy the building long enough for installation to make sense.

The company sends its voice communication over an internal network and out on private lines to an AT&T switching centre where, under an AT&T service, it is combined with transmissions from other corporations for long-distance travel and then sorted out at the destination.

More prevalent are earlier incarnations of the smart building: those with automated building monitors and controls (see story below). The temptation now is to link some or all of these systems into one grand smart building with a multi-purpose data path, or "highway," and offer them as a package deal to occupants.

A joint venture between United Technologies and AT&T hit on the concept of shared tenant services for voice/data communications. The idea was to install a single system of telephones, personal computers and a data highway into a property and then lease it to tenants; they would simply "plug in."

The venture, Shuretech, made 32 installations before calling it a day, says the chief executive,

Honeywell has just jumped with both feet into supplying a complete range of systems for buildings

David Grimes. The partnership is being dissolved, he says, because the business "did not meet expectations."

He is reluctant to specify why the scheme failed. But other industry watchers point to a desire by users to control their own systems and to make the most of the new-found flexibility inherent in telephone company deregulation and fast-changing technology.

A developer, James Llanas, vice president of Reliance Development Group, says: "Some tenants coming into a building already have phones. Others don't want to buy your phones."

An office revolution that was fuelled by the energy crises

THE TREND towards smart buildings was spurred by the energy crises of the 1970s. Analyses sponsored by the US Government showed that about one-third of the energy used in the country was consumed by buildings.

Engineers were quick to meet the challenge of a new market. With energy-efficient motors, some alternative energy sources and, importantly, new micro-processor-based systems for monitoring and managing energy use, some remarkable cuts in consumption resulted. Now new commercial buildings in the US use between one and two-thirds the amount of those built before the energy crises.

Systems readily available include those which can sense outside air temperatures and then adjust heat and air conditioning. Some offices sport motion-activated lights that automatically go out after a person leaves a room.

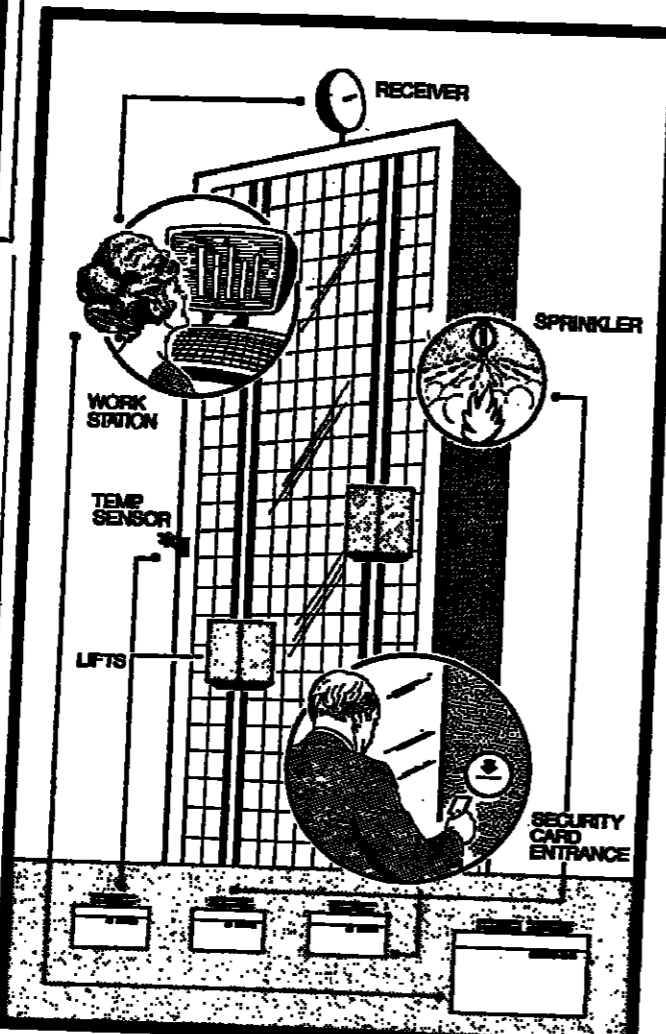
Meanwhile, electronics spread through the building. Suppliers such as United Technologies, Honeywell, Johnson Controls and others harnessed the microchip to

run lifts, security systems and life safety needs such as fire alarms (in one building candles from an office birthday celebration set off a sensitive electronic smoke detector). Each system was run by its own computer.

Enter office automation, personal computers and the deregulation of the American Telephone & Telegraph Company. Suddenly, it was technically and legally possible for companies to build internal telephone systems to carry both voice and data.

Enter another central control computer. The result is a building can have five systems—building management, lifts, security, life safety and voice-data communications—all of differing complexity but all computer-controlled and all using the binary language of the computer.

Ideally, they can run themselves remotely, alert workers to dangers, tell others who has clearance to go where, and carry workers' communicating needs to the outside world. In short, they are



How the smart building is equipped

THE American Express Company is moving from one side of lower Manhattan in New York City to the other. But its relocation to the new World Financial Center is more than just a jaunt across several blocks. Everybody seems to agree that it is going to the smartest building on the block.

They are not referring to the marble-walled lobby. "Smart" means fitted with electronic brains and systems—which range from sensors sampling the heat and lights to security turnstiles moved only by card-carrying employees.

But workers in this 2m sq ft tower will also be treated to a leading version of the latest and sexiest component of the intelligent building: voice and data telecommunications that, in this case, will link workers' fingertips to those of colleagues across the globe.

"It's a fully-wired skyscraper," says one of the managers, Mino F. Akhtar, a director in American Express's corporate systems and technology unit. "Any workstation can have communication to the outside world."

She says: "It's a philosophical change in looking at data communications. We are treating these systems just as we treat all other utilities."

The building is equipped for systems that will permit an employee in New York to send a letter, document or other data from a desktop computer or word processor to one across the floor in locations from Brighton to Hong Kong.

Software is under test to complete the telephone-line linkages this year. Every workstation will be wired and advanced cabling will permit the connection of telephones and computers from a variety of suppliers; an Apple could talk to an IBM PC or to a Wang.

Also, a local area network centre on each floor will allow a maximum of flexibility to employees. A move or addition to staff can be accommodated by unplugging one connection and plugging in another.

"It's a patching facility," says Mino Akhtar. "In the past you would have to run a completely new line. This has been done in the phone industry all the time. Now we're doing it for data communications."

Similar installations are in the works for other buildings in the Center. Another occupant contemplates a link to a satellite earth station on Staten Island. Indeed, in New York and across the US, building owners are beginning to incorporate such capability.

And there is a growing willingness to pay for such systems elsewhere. In Hong Kong, the

Hongkong and Shanghai Banking Corporation's new headquarters has raised floors with easy access to modules for plugging into power, telephone and telecommunications outlets.

Mino Akhtar reports a steady stream of visitors, particularly from West Germany and Japan, anxious to learn about building such systems.

In the City of London the new Lloyd's building has automated building controls, computerised card-activated security and wiring pathways so that wires to connect computers can be installed later.

Lloyd's and the new Broadgate office compound under development in the City by a subsidiary of Stanhope Securities are the only new buildings in London that took voice/data communication needs into consideration from the early design stage, says William Southwood of the engineers, Ove Arup & Partners. And the UK, he says, "is the leader in Europe."

Built-in voice data capacity is still the exception. Industry estimates point to fewer than 100 buildings in the US pre-

pared to the telephone-line linkages this year. Every workstation will be wired and advanced cabling will permit the connection of telephones and computers from a variety of suppliers; an Apple could talk to an IBM PC or to a Wang.

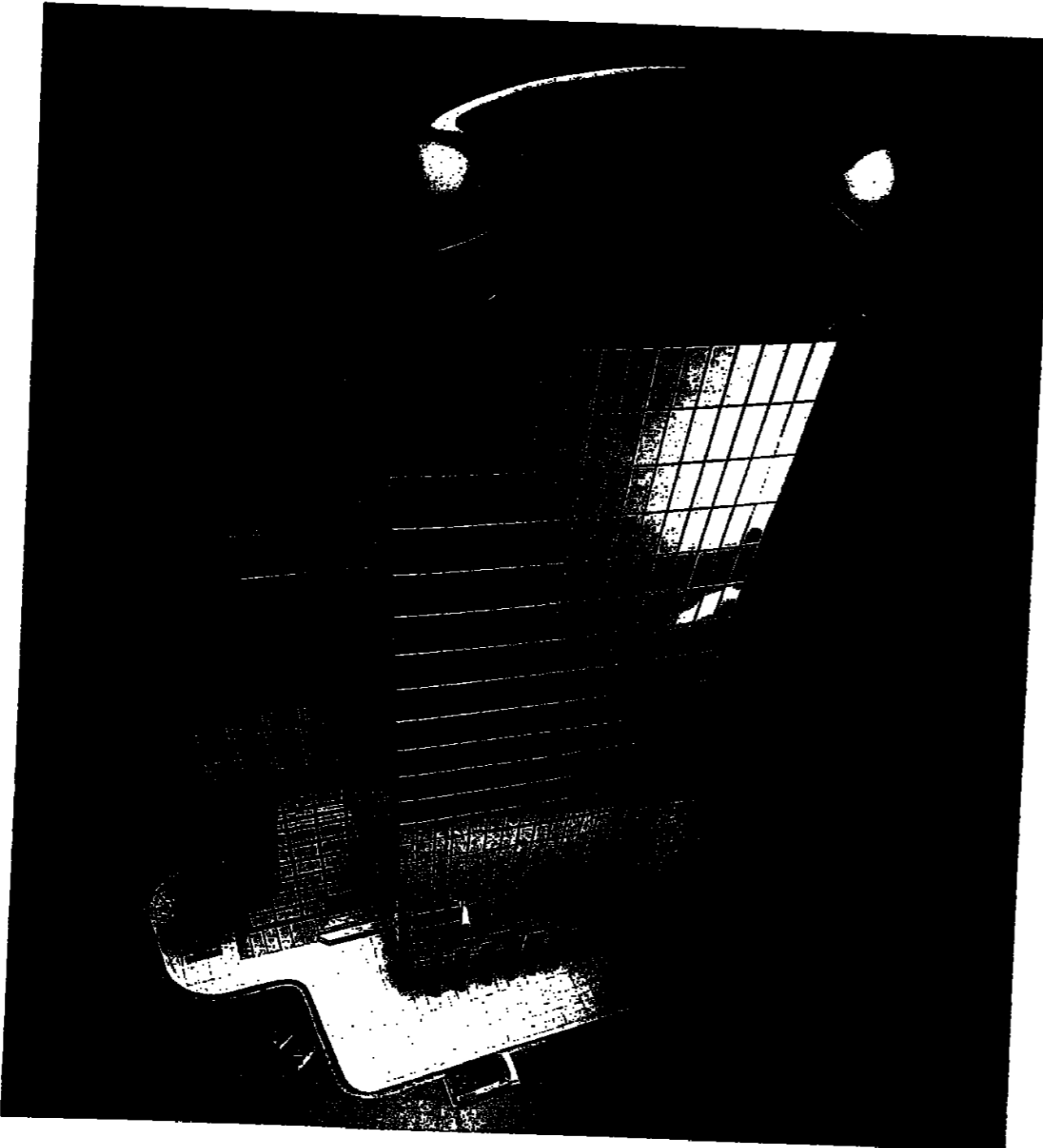
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ITALIAN FINANCE

Sea of bureaucracy threatens success of Milan bourse

BY ALAN FRIEDMAN IN MILAN

THE MILAN bourse last year saw its main share index rise by more than 100 per cent; saw foreign investors play a key role in the bull run; and saw total market capitalisation rise from \$20bn to \$55bn in 12 months. But it is in danger of alienating the British and US institutions which have contributed to its rise.

The reason is sad—while Milan puts itself on the back for having gained the notice of the world, its share settlement system is overloaded. Beset by delays of not weeks, but months, it is approaching chaos because of bureaucratic delays.

Foreign institutions have not halted their investment in Italian equities, but they have issued increasingly stern warnings to the Italian authorities, stockbrokers and banks. Delays in deliveries of share certificates have in some cases taken up to four months. Now, to compound matters, investors are encountering costly delays in an area which should be sacrosanct in any financial market—payments for share transactions.

Mr Giorgio Ceis, a London-based director of Morgan Grenfell and one of the most active merchant bankers on the Italian scene, did little to disguise the anger and frustration in his voice when he commented last week: "I would be very surprised if foreign fund managers will continue to be interested in Italy if this situation is not dealt with."

clearing house for Italian stock markets.

● The Bank of Italy's local clearing room—the "Stanza di Compensazione"—must process the shares and deliver them to the local agent bank.

● The bank must register the shares in the name of the foreign investor.

A year ago, this string of operations took around 20 days to accomplish. The same operations can now take several

get stuck somewhere. If one link in this long chain breaks down then the investor can face intolerable delays.

In the past fortnight matters have gone from bad to worse: a series of erratic strikes inside the Bank of Italy has caused still more delays. Consob, the stock market regulatory authority, reacted by postponing settlements for the January trading account period and doubling the February account

"The settlement problem is having an impact. Foreign investors will accept uncertainty about share prices or about corporate performance, but not about payment," explains Mr Ceis. "And this must be understood clearly by the Italian authorities."

A partial solution to the problems would be found if legislation to streamline the settlement system were approved by Parliament in Rome. The legislation, which represents the efforts of the Bank of Italy and Consob, has been languishing for nearly eight months. It would empower a Milan-based share depository called Monte Titoli (literally "share mountain") to spring into action.

Monte Titoli is owned by 48 Italian banks, including the Central Bank. Founded in 1978, it was equipped with software and an automated underground vault at premises in a quiet residential street not far from central Milan. It did not begin operating until 1982 and in the absence of legislation has not yet fulfilled its original goal—to complement the work of the Bank of Italy's clearing rooms and of the custodian banks.

Mr Dino Abbrescia, director-general of Monte Titoli, says that to date his company holds only 4 per cent of the shares in circulation in Italy. The rest are at banks and at the quoted companies themselves.

Mr Abbrescia says that when shares are transferred, the old shareholder's name must be cancelled out by pen and a new name filled in on one of three pieces of paper, each of which has space for 10 names. After 30 transactions, the share certificate looks pretty mouldy and is replaced.

The pending legislation in Rome would also be a step toward an electronic clearing system for shares. But Parliament has many other matters to deal with, not least approval of the Government's 1986 budget.

Thus the settlement question remains unresolved and with each passing week causes greater frustration for foreign investors in Italy. It is difficult to understand how the Italian authorities and Parliament can allow the situation to deteriorate further, and yet there is no sign of relief.



The settlements problems in Milan are attributable to several factors. Reduced to simple terms, these concern antiquated and inefficient clearing systems in the throes of an unprecedented rise in trading volume.

To appreciate the complexity of the problem, try to follow this simplified chain of events concerning the hypothetical purchase of one million shares in Italian company X:

● A fund manager in the City of London telephones a Milan stockbroker and orders one million shares in company X.

● The Milan broker executes the purchase.

● Assuming the foreign buyer does not want physical delivery of the shares, the buyer must now arrange for a local agent bank to open a custodian account where the shares will be registered.

● The Milan broker goes to the local branch of the Bank of Italy, which acts as the main

months. The reasons for the delay include the sixfold increase in volume which has hit the Bank of Italy clearing room. Likewise, even the biggest Italian banks which handle custodian accounts are not geared up to handle the increased volume. Add to these problems the intrinsic inefficiency of many Italian bank employees who, in a system which is 90 per cent state-owned, have the enthusiasm and attitude to work of any low-paid state bureaucrat.

Mr Paolo Azoni, a leading Milanese broker who handles large orders for foreign investors, says that it is not unusual for instructions to be lost or at least delayed inside the Italian banking system. "The shares, at a certain point, may

period to 60 days. To avoid speculation during this period—when the February account date will be extended to the end of March—Consob ruled that buyers must put up 100 per cent of their purchase instead of the normal 60 per cent.

There is more, however: foreign fund managers say they are facing what Mr Ceis calls "a cashflow problem." The settlement chaos means that foreign investors are not getting their money on time when they sell shares.

Still worse, those institutions which have foreign accounts with Italian banks are not being allowed an overdraft. Thus a foreign investor cannot even ask a bank for an advance on a transaction.

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On February 15, 1986, the Redemption Price will become due upon all Debentures, and interest thereon shall cease to accrue on and after said date. All Debentures, together with all coupons appertaining thereto maturing on or after February 15, 1986, are to be surrendered for payment of the Redemption Price at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City Trust Office of Bankers Trust Company in the Borough of Manhattan, The City Trust Office of New York, or at the main office of any one of 1) Bankers Trust Company in London, 2) Bankers Trust Company in Paris, 3) Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust A.G. in Zurich, 5) Banque de Bruxelles S.A. in Brussels and 6) Banque Indosuez Luxembourg in Luxembourg. The Debentures will be payable on or after February 15, 1986 at any one of the paying agents listed above.

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THE MANAGEMENT PAGE

A leap into America's big league

Alan Cane and David Marsh examine the strategy of one of Europe's fastest growing software companies

COUNTLESS European computer software companies have tried to break into the world's most lucrative market...

ware house before last month's \$30m acquisition of the consulting division of CGA Computer Inc...

America, with the remainder split evenly between France and the rest of Europe...

Only companies like Cap Gemini can be considered members of the true software industry...

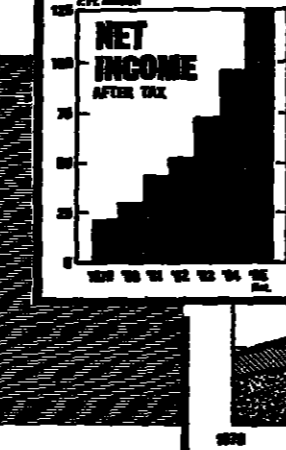
It is an attitude which finds favour in France, especially within the Government...

Cap Gemini has certainly had its share of patronage, but still values its independence in all sorts of ways.

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Cap Gemini's move to build up muscle in the US—where it made its first entry only seven years ago—has accompanied break-neck expansion in Europe over the past decade.

Cap Gemini concentrates all its efforts on providing data processing services with what it calls 'intellectual services' (all opposed to manufacturing, sale or rental activities).

Through the CGA takeover Bery calls 'greater recognition' on the US market, he admits that the integration of activities and pooling of staff will be time-consuming.

network will gradually evolve into the sort of structure built up in Europe, where different semi-independent parts of the group can call on others for technical help in specialist fields.

The company's Gothenburg office, for instance, has become 'very strong' in production control as a result of contracts with Volvo and SKF.

Cap Gemini already had its eye on CGA when it decided to step up its presence on the US market in 1981. The company then decided to acquire the DADS concern—believing that the price of the then publicly quoted CGA would be too high.

Management abstracts

Sex Differences in Work Stress. T. D. Jick & L. F. Mitz in Academy of Management Review (US) July 85 (124 pages)

Educational Misers. C. L. Marsden and others in Basic Journal (UK), July-August 85 (74 pages)

Three linked articles: (1) explains the thinking behind EP's involvement with schools and colleges, particularly its 'school link' scheme...

Refers to the establishment in 1980 by Queensland's Department of Education of a conditional counselling and referral service for the company to help them with financial, marital, drug, nervous, marital, and family problems.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p and p; cash with order) from Anbar, PO Box 22, Wembley HA9 8DA.

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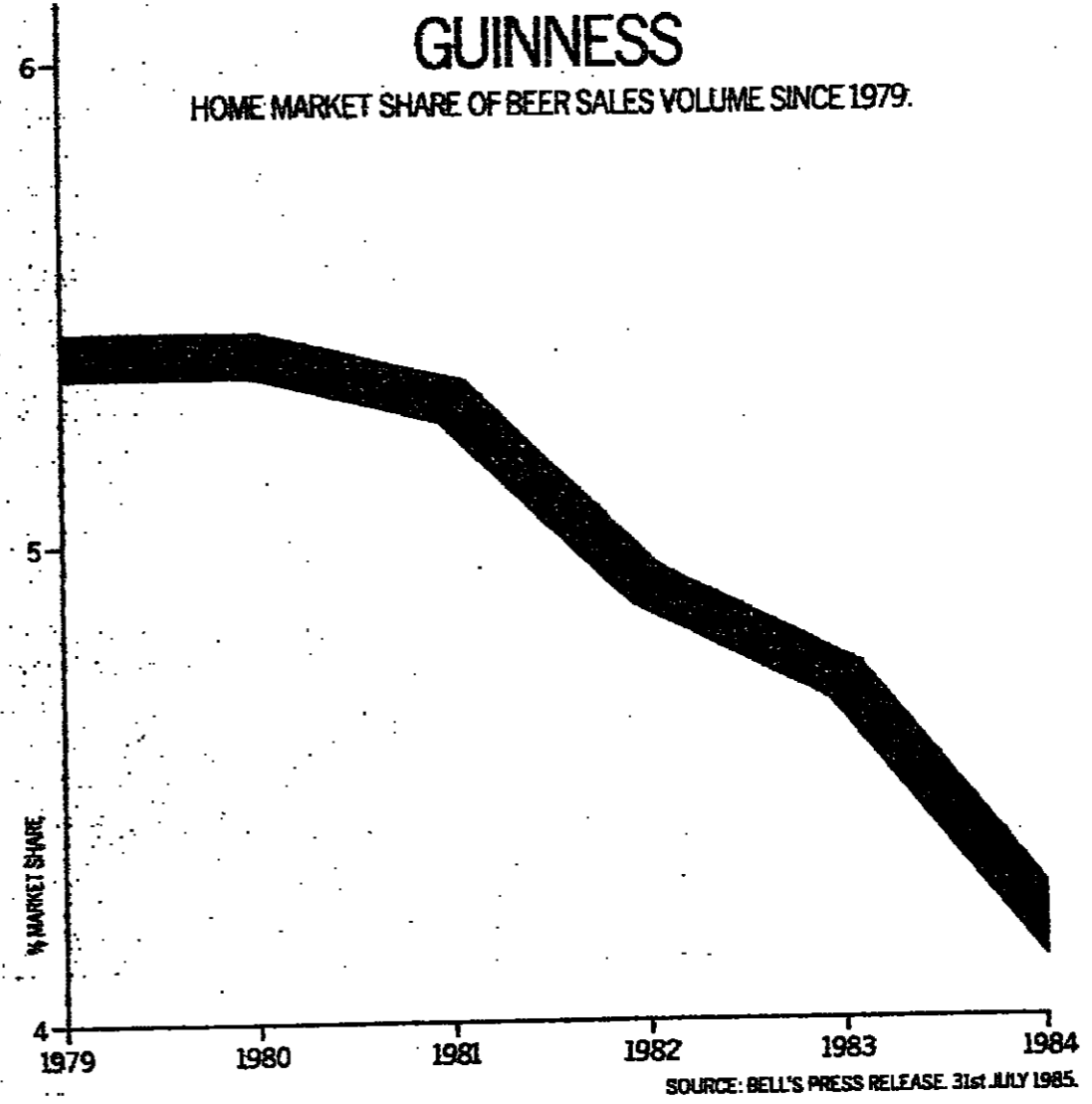
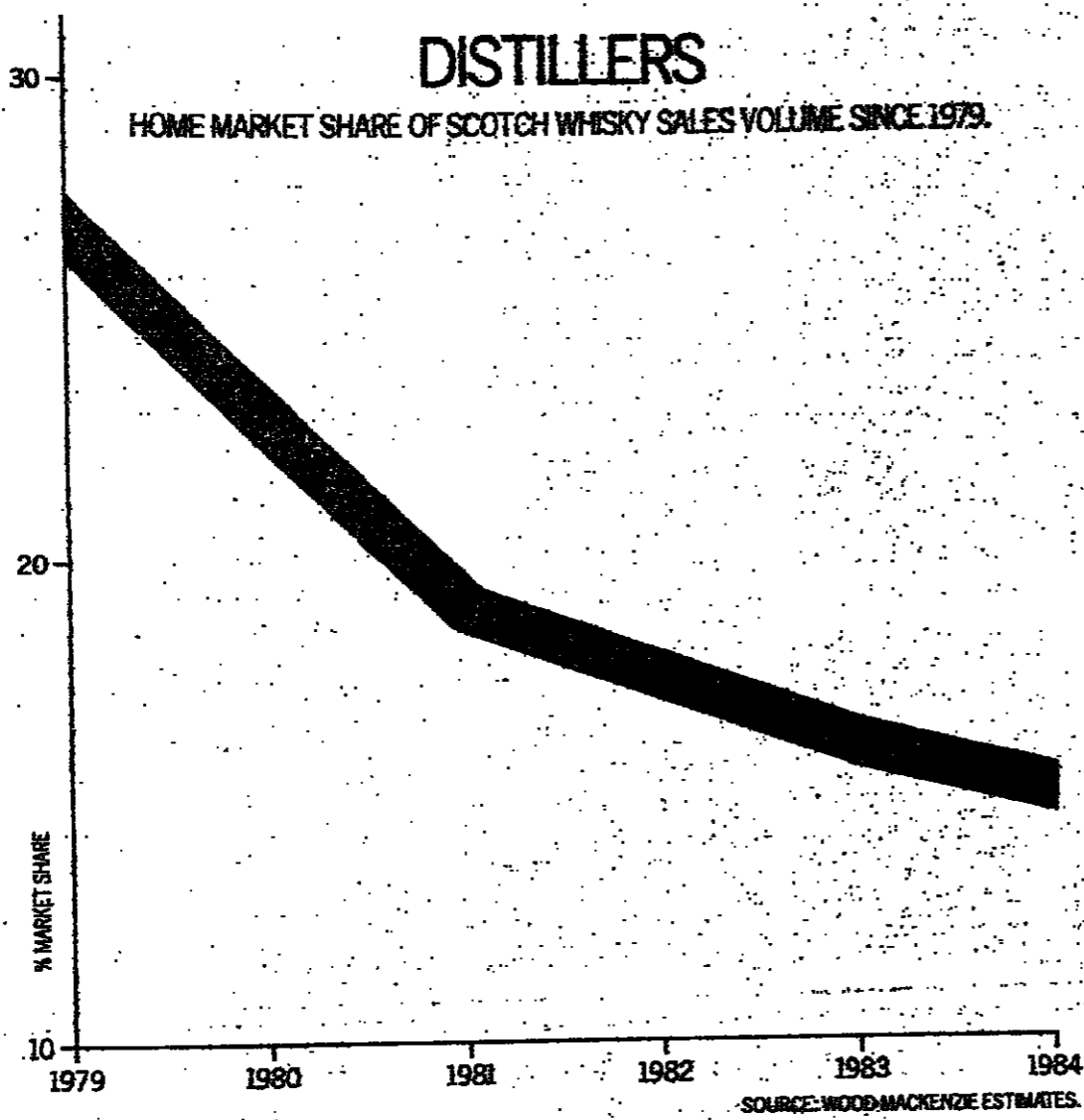
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development programme in hand and which, for good measure, is building around £85m worth of luxury homes in central London...



Godfrey Bradman - a bit of lateral thinking

Rosehaugh, which teamed up with Greycoat to carry out the 266,000 sq ft net office project... set about finding a group of approved investment trusts...

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There is plenty of emphasis on autonomy and although Bradman's background suggests tight financial control...

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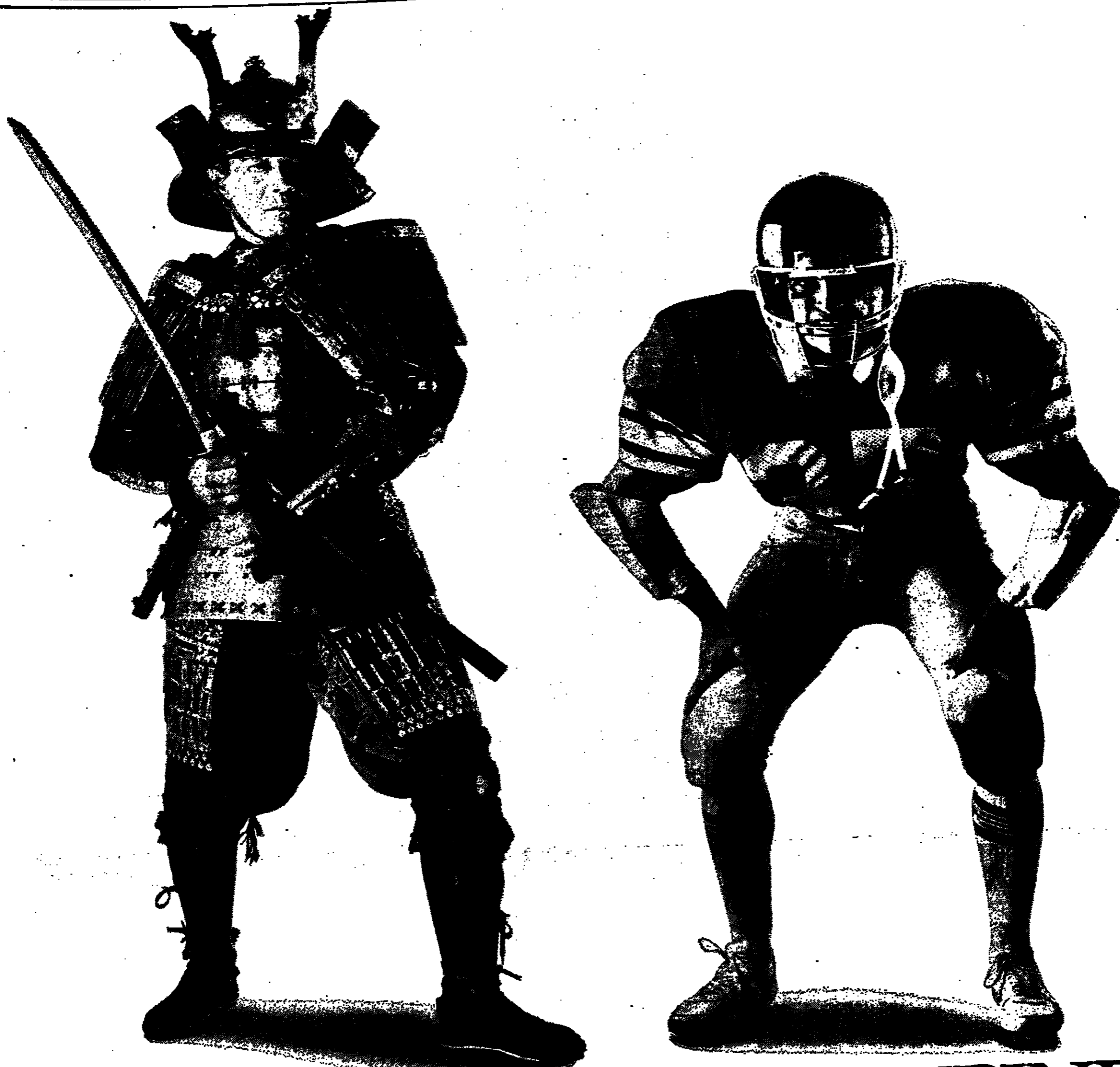
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So, if Scotch Whisky is to continue to compete, it needs a strong champion of its own.

It is for this reason, more than any other, that our offer for Distillers makes so much sense.

Our joint enterprise will give Britain a representative amongst the top four of the international drinks business.

It is also a rare dovetail of corporate talents.

On the one hand, Distillers have an unrivalled range of world famous brands.

On the other, we at Guinness have a management team with unrivalled experience in the international marketing of prestige drinks.

By careful targetting we can position our household names to complement one another, rather than compete.

Britain's recent industrial history is a catalogue of international opportunities missed.

Help us redress the balance. Support the Guinness Distillers bid.

GUINNESS PLC

Guinness and Distillers. A stroke of genius.

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THE ARTS

Cinema/Nigel Andrews

Revolution meets muddy defeat

Revolution directed by Hugh Hudson
Sweet Dreams directed by Karel Reiz



Nastassja Kinski and Cheryl Miller in 'Revolution'

Looking at Revolution, the film's colorful, blockbuster... it is like looking at the aftermath of a battle.

One suspects it got started as a scandalous, apparently foolproof ingredients. An epic on the 200-year-old clash between Old Blighty and the breakaway New World would have, firstly, colour, action and spectacle; secondly, built-in Gaudí appeal (once more the British could applaud the spectacle of being booted out of a country); and thirdly a direct line to the American market by means of an American subject and setting.

There are, of course, great movie yarns that are bulging with coincidences: Gone with the Wind, to name but the greatest. But there the story emerges as an inevitable, passionate inevitability. Revolution has no story; merely an endless sequence of subplots that shuffle us from one action set-piece or romantic reunion to the next.

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Steve Reich/Dominion

Dominic Gill

Like his contemporaries LaMonte Young, Terry Riley (who makes his surprisingly delayed British debut at Logan Hall on February 17) and Philip Glass, the American composer Steve Reich (b. 1936) is preoccupied with the scrupulous control and exploitation of a single technical device. As the drone is to LaMonte Young, the fixed pulse and tape-loop to Riley, and elaborate parallel movement to Glass, so the "phase" is to Reich.

Performing and listening to a gradual musical process resembles: pulling back a swing, releasing it, observing it gradually come to rest; turning over an hour-glass and watching the sand slowly run through to the bottom; placing your feet in the sand by the ocean's edge, and watching the waves gradually bury them.

In recent years, Reich's music has become less austere, single-minded and uncomprehensibly harmonically sweeter, texturally prouder—and more explicitly oriented towards the manners of the more rapid mainstream pop. The shift has certainly brought him a new popularity (his Dominion was sold out several weeks before the night), but it has all but destroyed the purity and the sinew of the original conception.

Philharmonia/Barbican Hall

The Philharmonia could probably play these works in its sleep. Its popular programme on Wednesday night... Richard Falman

Richard Falman... sound and straightforward. His performance worked well enough within its own limits. Some details on the Mahlerian profile were hardly sketched in; the full gross melody of the first movement was passed by at this tempo (a funeral march at walking pace) and the vehement glare of the second was dimmed.

Philistines/The Pit

Martin Hoyle

It may be over-reaction after the anything-goes-for-a-cheap approach of their Merry Wives, but the RSC's latest import to London from Stratford strikes me as an immensely enjoyable example of ensemble playing by a faultless cast, directed with grace and intelligence, and amounting to an absorbing and, in all senses, tremendous theatrical experience.

Maxim Gorky's title are the stunts and the stutters; not merely the roaring domestic tyrant but the ineffectual and tear-like Bessemer's son who after a token rebellion will return (according to the final chilling prediction of the drunken lodger, surely a descendant of that beloved Russian phenomenon, the holy simplicitudo cum seer) to reinstate the family's steadily constricting and to remain silent at the final terrible question: "What good have you done anybody?"

almost physical sickness of jealousy and despair. Anna Calder-Marshall, initially slightly too delicate for the cheerfully sociable little widow who rescues the son (Sean Baker, superbly galling in his helplessness), summons up a fine trembling venom for his liberation. From time to time are dumb, and as humbly conceived, as the Hammerfilm opening, but the memory of Drumming remains. It is a small consolation—a tiny but significant sound-grain—to know that Reich has not completely lost the knack.

Chronochromic/Festival Hall

Max Loppert

The Music of Eight Decades series continued on Wednesday with a BBC Symphony concert of three works whose common feature was altering orchestral colour—brilliantly, brilliantly, exotic, gently seductive, or splendid as may be.

Pride and Prejudice/Old Vic

Michael Coveney

This latest BBC performance, conducted by David Atherton, was as good as in the concert hall one is likely to get. Which is to say, perhaps less than ideally. Formed by the 18-part "Episodes" for solo strings—that mystical dawn-chorus whirr of polyphonic complexity—but tenuously sustained and thrillingly characterised as a whole.



Pauline Yates and Peter Sallis

The production by Bill Pryde originated as a project shared last Autumn by the Leicester Haymarket (where it was reviewed on this page by B. A. Young) and the Birmingham Rep. Initially, the heart sinks at the sight of flimsy gauze panels invaded by characters who look as if they have walked off a Mackintosh's coffee tin. High waists and ruffles, Regency stripes and frock coats, recorded harpsichord music not composed by Hensel (Andrew Dickson, in fact), bonnets and apophorisms; it might all be too arch and too lauded to be tolerable.

Pride and Prejudice has often been adapted for the stage and seems therefore less of an adventurous challenge than did recent versions of Dostoevsky, Richardson and Laocö. But like Christopher Hampton in the latter instance, David Pownall brings a theatrical craftsmanship to bear on his job of skilful filtering. The evening is not one of incandescent joy and tumult; if you would be astonished if it were. But it works, and it is well achieved.

Continued from Page 16

Big River (O'Neill): Roger Miller's music... Houston (Arnon): Edward Bond's... Tokyo: Performances at most of Tokyo

THE ARTS

Musée d'Art et d'Histoire, Ends Feb 28. ITALY: Milan: Palazzo Reale and Palazzo Reale Art Gallery. 14-18 Constant, a Dutch painter and architect, one of the founders of the avant-garde organisation COBRA in 1949, is the highlight of a workshop of 65 oil paintings, gouaches and architecture constructions. Ends March 3.

Exhibitions

LONDON: The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president fills the principal gallery of Burlington House until March 31 (sponsored by National Westminster Bank). A truncated version has already been shown in Paris. It is an equivocal compliment, for it confirms Reynolds as one of England's major historical heroes and exposes his limitations as a painter. Lacking the flair of such contemporaries as Ramsay and Gainsborough, let alone of the older masters of the grand manner, such as Van Dyck and Veronese, he had the ambition to match himself against them, and

SPAIN

Madrid, Repetitive Structures. 22 works by 21 artists on loan from Ludwig Museum in Cologne, among them, André, Judd, Lewitt and Morris. Ends March 8. Barcelona: Thesaurus. L'Art dels Biebets de Catalunya sponsored by the Fumdaco de la Caixa and collaboration of Tarragona's Episcopato. 170 works carefully chosen and of great value. All pieces have been cleaned, restored and thoroughly catalogued. Ends March 2.

WEST GERMANY

Bonn: Rheinisches Landesmuseum, Colmanstr. 14-16. Constant, a Dutch painter and architect, one of the founders of the avant-garde organisation COBRA in 1949, is the highlight of a workshop of 65 oil paintings, gouaches and architecture constructions. Ends March 3.

NETHERLANDS

Haarlem, Teylers Museum. A biographical exhibition devoted to Charles Darwin, his theory of evolution, and its reception in 19th-century Holland. Ends Mar 2.

TOKYO

Exhibitions at most of Tokyo. National Gallery: The Treasure House of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sevres porcelain and tapestry, jewellery and armour. Ends Mar 2.

A VERY intelligent German who used to live in London came back the other day to try to find out what was going on. Was it, as he seemed rather to assume, the end of the Thatcher revolution, the end of another British dream, like Harold Wilson's technological revolution, Edward Heath's "problems of success," and now Margaret Thatcher's "politics of conviction"?

Is there, he wondered, a cycle in British politics that suggests that, however promising the start, in the end no government ever quite makes it?

The short answer to his questions is "no." The longer answer is more nuanced.

To start with the Prime Minister: was there a Thatcher revolution? The answer is "yes," but it is a rather different way before she came to power in 1979. There is a certain continuity in British politics which consists of going on trying to cope with unresolved problems. The problems include coming to terms with a much reduced role in the world and with the European Community, which Britain should have joined at its inception. There were also certain residual colonial problems: Rhodesia, for example.

Then there were the economic problems and the fact that Britain was in economic decline compared with its natural analogues: France and West Germany. Not least, there was the problem of trade union power, which had been at times of bringing down governments. Labour and Conservative alike. The list is not exhaustive.

Mrs Thatcher was not the first Prime Minister to have to confront these difficulties. The man Mr Wilson sought to curb trade union power in the late 1960s, was backed by Mrs Barbara Castle with her proposals for "In Place of Strife," and was hindered by Mr James Callaghan, who eventually became his successor and was ironically brought down, more than any other predecessor, by the trade union rebellion against his incomes policy.

Wilson also sought in the 1960s to take Britain into Europe, as indeed had his Conservative predecessors. Harold Macmillan, before him. Both were rebuffed, not — it should be remembered — at home, but by French opposition.

Heath offered a new start in 1970. His original programme was to be a surprising one: Thatcherism without Mrs Thatcher. The only main difference was the absence of monetary policy. He succeeded on European entrance where others had failed, largely because of his understanding with President Pompidou, though the terms of entry were to dog successive British governments for another decade.

Politics Today

Maybe the Thatcher revolution is complete

By Malcolm Rutherford

Because of his anxiety about rising unemployment, Heath changed his economic policy to a more interventionist stance halfway through. This argument about how far a government should intervene in industry has haunted the Tory Party ever since: witness the underlying reason for the resignation of Mr Michael Heseltine as Secretary of State for Defence. It is not, incidentally, peculiar to the Tories. The difference between the parties and within the parties are of degree, not kind. Heath fell because of the assertion of union power and his inability to deal with the miners' strike in the winter of 1973-74. That, too, left a haunting memory.

Signs of more radical change came in the mid-1970s when Mrs Thatcher became leader of the Conservative Party and the International Monetary Fund was called in to advise on the British economy. In many ways, the parties came together: there was a mutual recognition that the conduct of the economy could not be allowed to go on as it had.

When Mr Callaghan succeeded Wilson in 1976, he turned out to be a surprising good Prime Minister presiding over a brief period of considerable tranquility in British affairs. He relied, however, on a prices and incomes policy based on co-operation with the unions. In the longer-run, that co-operation was not forthcoming and ultimately the unions defeated him. Mrs Thatcher at the start had almost everything on her side. She had a programme not vastly different from that of Edward Heath in his early days. Her economic policy involved control of the money supply which was said to be crucial, though it did not include an exchange rate policy which some of her advisers soon realised to be a serious omission.

She also had oil, the revenues from which could cushion a policy of structural change. And change was in the air. The time was ripe for it. The new Prime Minister set off a bonfire of controls: the abolition of exchange control and an end to prices and incomes policies. Inflation has ceased to be the worry it used to be. She began a step-by-step approach to the reform of the law governing industrial relations which may turn out to have been the largest part of the Thatcher revolution.

There were other successes as well. Mrs Thatcher presided over a Rhodesia settlement that had eluded her predecessors. Hong Kong was dealt with, after some hitches of her own making. Oddly enough the Falklands affair is probably to be seen by historians as one of her greatest mistakes, though it was seen as one of her greatest achievements at the time. She should have gone for a peaceful accommodation with Argentina, as the Foreign Office was advising, well before the dispute turned into war.

On Europe she succeeded, this time against official advice. She pulled off a reduction in Britain's excessive contribution



Ashley Ashwood

Lombard A market-based trade union

By John Lloyd

HAMMONDISM is now an established political fact. Its success is not assured, but it is in place. It takes its name, of course, from Mr Eric Hammond, general secretary of the Electricians Union, the EETPU. In the past week, Hammond's long in preparation has thrown off all disguise and can be assessed on its merits.

This emergence into the light has happened in two ways, the first of them deliberate. Hammond's name appeared on printworkers' placards accompanied by injunctions that he be "destroyed" or "smashed." Mr Hammond held a press conference in the Waldorf Hotel to launch a package of financial benefits for his members—with everything from car insurance to investment advice. The union now does much more than offer a collective bargaining service and a union card (which can be essential in the many close shops which it still operates), it also offers to take care of most financial transactions its members may make.

This move, proudly and professionally trumpeted, marks the shift which the EETPU under Mr Hammond has made from class based to market based trade unionism. He is signalling to his present and future members—stay with, or join, us because we give you the best deal. It is a recognition of the members as consumers not merely as producers.

The second revelation of the true nature of the modern EETPU has been accidental in the sense that agencies other than the union have combined to expose it. The TUC general council yesterday solemnly and at length drew up a list of complaints against the electricians which add up to the charge that it has colluded with News International in replacing the company's printers with its own members, trained and primed for the electronic printing age.

These charges if proved—the union has promised to defend, but has yet to decide whether or not to mount it, next week—point to a union freeing itself from the rather ramshackle, often honoured-in-the-breach rules which are the sine qua non of the TUC's existence. The Bridlington agreement which is meant to stop poaching of one union's members, or the pre-emption of one union's sphere of influence by another, is the necessary structure which underpins trade union solidarity. Take it away, and what follows is not only discord, but anarchy: the lack of such an agreement means that no union can organise a trade or an area as of right, but must compete on its own merits—that is, on what it can offer.

Manufacturing industry

From Professor Wynne Godley
Sir—Geoffrey Maynard (January 20) is right to say that it does not matter that the balance of trade in manufacturing is at present in deficit. But the argument that poor trading performance by manufacturing industry will have serious consequences for the British economy if it continues has nothing at all to do with the balance of trade taken in isolation from the level of output and employment. The cause for concern derives, not from the difference between exports and imports, but from the difference between the growth of exports and the growth of import penetration (ie imports relative to domestic production).

Annual average 1960-79 1979-85 % increase (est)
Real GDP (in oil) 2.6 1.2
Manufacturing output 1.9 -1.0
Manufactured imports (vol) 9.0 8.7
Manufactured exports (vol) 4.7 1.8

As the table implies, import penetration rose rapidly relative to exports between 1960 and the late 1970s because of a surplus in trade in oil and the process has continued since 1979 (although 1985 has been a good year). The strategic problem, entirely missed by Geoffrey Maynard, is that if these adverse trends continue, a growth rate large enough to stabilise unemployment (let alone reduce it) will generate a growing deficit in manufacturing and oil combined which the other components of the balance of payments (including property income) will not be able to cover indefinitely.

(Prof) Wynne Godley, Dept. of Applied Economics, University of Cambridge, St. John's Avenue, Cambridge.

Balance in the dairy market
From Mr F. Jackson
Sir—In your leading article (January 30) on the Touche Ross investigation of the Milk Marketing Board, you suggest that the report "accuses the MMB of keeping the prices it charges processors too high in order to favour the dairy farmers who own it." This may have given readers the impression that the MMB has the power to fix prices which dairy processors pay. That is not the case.

All such prices have to be negotiated in a body called the joint committee, on which the MMB represents farmers and the Dairy Trade Federation represents buying dairies on an equal footing. If the two parties cannot agree, they are required to submit the issue to arbitration. Implicit in these negotiations has been the recognition that price should be such as to enable efficient buyers to make

Letters to the Editor

a reasonable return on their capital. Having said that, the MMB's result is, clearly, to obtain the highest price it can for its products. Surely that cannot be wrong in a dairy farmer's organisation? The pursuit of such an aim, irrespective of the effects on Dairy Crest Foods, highlights by separate reference required by UK and EEC legislation, and this was acknowledged by Touche Ross.

Dairy Crest Foods is not party to these negotiations. But once prices have been agreed in the joint committee, Dairy Crest Foods buys its milk from the Board at the same price, and on the same terms, as independent dairy companies. It is, therefore, neither more nor less vulnerable than its competitors.

While you speculate upon the possibility of Dairy Crest Foods being lifted off from the Milk Marketing Board, I think it is important to emphasise that the Touche Ross report does not advocate this in any way. The Board has no intention of proceeding down this route.

(Special Adviser to the Chairman), Milk Marketing Board, Thames Ditton, Surrey.

Responsibility of accountants

From Mr A. Pakenham-Walsh
Sir—We should be grateful to Mr J. Y. Foster (January 18) for putting forward a case for legally mandatory accounting standards.

He dodges the point, however, that under the existing set of standards, an accounting obligation to give a true and fair view overrides any and all of the detailed prescriptions in the act. This supremacy of a true and fair view survived the original versions of the EEC fourth directive to which the UK Companies Act of 1981 and the Irish Companies Bill of 1985 give effect in their respective jurisdictions.

Mr Foster argues that legal enforcement of standards makes it clear that, while certain accounting treatments are correct (i.e. true), others are not, in that they distort the truth.

Truth cannot be legislated into accounts. The next we can aspire to do is to produce accounting pictures which faithfully reflect what goes on in the physical system we variously call an undertaking or enterprise, or firm.

Under existing legislation, directors are responsible for producing accounts, and auditors are responsible for judging whether these accounts give a true and fair view, and for reporting accordingly. To the extent that the form and content of accounts are legally prescribed, judgment is not required of anyone—director, accountant, or auditor. With-out authority to decide on form and content, there can be no personal responsibility for the way accounts are presented.

Standards have eroded individual professional judgment. If standards acquired statutory authority, collective professional judgment as well would disappear, to be followed, presumably, by the demise of accountancy as a profession.

Anvry Pakenham-Walsh, Crinkens House, Shankill, Co. Dublin.

Taxation in Japan
From Mr B. Thorne
Sir—I rather doubt whether Mr Takeshita, the Japanese Finance Minister, has any intention of offering the encouragement offered in the Lombard column on January 24. They have an excellent record in defending their country's interests.

More important, Mr Prowse seems to have misunderstood the reasons why Mr Takeshita wants to alter the tax-free rules for small savers. The truth is that the legal tax concession is enormously valued largely by well-off supporters of the ruling Liberal Democratic Party.

That was fine while the Government could more or less pay its way but currently it needs to seek higher revenues and does not politically dare to introduce a VAT-style tax. Therefore Mr Takeshita will be delighted to be able to blame foreign protection when seeking a consensus to block the famous—or infamous—"green card" loophole which allows tax evasion through illegal multiple Post Office savings accounts to the value of many billions of yen a year.

This tax loophole is also a principal reason for the unsophisticated nature of the Japanese savings market. It makes it more difficult for foreign operators to penetrate the domestic savings market and renders unattractive many more modern vehicles for small savers. It is as if, in Britain, the wealthy could invest unlimited amounts in Post

Office savings and receive all interest tax-free.

Perhaps some would find the greatest irony in your headline "Times to fall in step with Japan." Just as Mr Takeshita is thinking of reducing his Government's grip on the savings market we seem to be experiencing a Government desire to extend its grasp.

Ben Thorne, 34 Quarry Hill Road, Sevenoaks, Kent.

Foundry capacity

From Mr T. Barber
Sir—In your report (January 20) on the closure of the Sterling Metals subsidiary of Birmid Qualcast, you made reference to the foundry being "the only one left in the UK able to produce cylinder blocks for high speed diesel engines such as that used on trucks and farm and construction equipment." The obvious inference being that (after closure) this capability would no longer exist in the UK.

I point out that this is not so. The Leyland Foundry in Lancashire has and continues to produce high quality cylinder blocks for such purposes, both for Leyland Trucks and for companies such as Perkins of Shrewsbury. In addition, the company also produces a large number of cylinder blocks for Jaguar. In fact cylinder block production at the Leyland Foundry is currently running at over 1000 units a week. The Leyland Foundry produces a wide range of cylinder heads for various customers and an equally wide range of commercial vehicle brake drums.

T. Barber, (Operations Director, Leyland Foundry), Leyland Vehicles, Leyland, Preston, Lancashire.

Keep Sunday special

From Dr M. Schluter
Sir—The deputy director of the National Consumer Council may be forgiven for confusing the Keep Sunday Special Campaign with the Keep Sunday Special Campaign (January 25). The coalition met last summer to examine legal alternatives to total deregulation. Findings were published. All its members believe their proposals are "acceptable, enforceable and preferable both to the existing law and total deregulation." They represent one possible way forward.

The Keep Sunday Special Campaign was formed by the coalition in December 1985. It has much broader support than the coalition. (Dr) Michael Schluter, (Director), KSSC, 4 Bouverie Street, EC4.

The Rank Organisation 1985

	1985	1984
Profit before tax	£137.0m	£105.3m
Earnings per share	36.0p	27.7p
Ordinary dividend	15.0p	12.0p
Net debt	£28.3m	£146.1m

The abridged profit and loss account for the year ended 31st October 1985 is an extract from the Report & Accounts which will be filed with the Registrar of Companies upon which the figures have been given an unqualified report.

- * Profit before tax +30%
- * Earnings per share +30%
- * Dividend +25%



Another year of progress

The 1985 Report & Accounts will be posted to shareholders on 17th February 1986. Copies may be obtained from the Secretary, The Rank Organisation Plc, 8 Cornmarket Place, London W2 8EZ.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
 Friday January 31 1986

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Xerox ends strong year with doubled final quarter profit

BY WILLIAM HALL IN NEW YORK

XEROX, the US office equipment group, more than doubled its income from continuing operations in its fourth quarter to \$112m or \$1.04 a share, ending what company chief executive Mr David Kearns called "a year of major strides."

The group's net income in 1985 rose to \$475m or \$4.44 a share, compared with \$207m or \$2.33 a share in 1984. In the final quarter of 1985, the group earned \$135m or \$1.40 a share, compared with a loss of \$12m or \$0.28 a share in the final quarter of 1984.

In 1985 the company took two special charges totalling \$162m in the third quarter in connection with its insurance operations, which partly offset a \$200m gain on the sale of six publishing companies. Some \$42m of the publishing gain came in the fourth quarter. By contrast, the company's 1984 results were hit by a \$85m charge to cover

Time Inc cuts jobs as earnings plunge

BY OUR FINANCIAL STAFF

TIME INC, the largest US magazine publisher, yesterday reported a 23 per cent fall in fourth-quarter profits and announced plans for a 5 per cent cut in jobs at its magazine group.

The job cuts plan, with a company-wide recruitment freeze in the New York headquarters area, is reflected in a \$13m, or 11 cents a share, pre-tax charge in the fourth quarter, producing net profits of \$51.4m, or 61 cents a share.

In the 1984 fourth quarter net earnings were \$67.7m, or \$1.06 a share, which includes a gain of 19 cents a share from the sale of Time's Pioneer Press subsidiary.

People Express issues warning of fourth-quarter setback

BY OUR NEW YORK STAFF

PEOPLE EXPRESS, the fast-growing up-price US airline, yesterday issued Wall Street analysts by announcing that its fourth-quarter losses would be higher than expected. It also announced the resignation of the chief executive of its recently acquired Frontier Airlines.

People Express, which earned \$10.7m on revenues of \$707m in the first nine months of 1985, said yesterday it expected its fourth quarter to reflect losses that could be greater than expected by many Wall Street analysts. The airline lost \$5m in the fourth quarter of 1984.

Mr Bob McCado, People Express chief financial officer, said: "Unfortunately, our fourth quarter was impacted by extremely weak traffic and low yields during October and November. In addition, Frontier generated losses greater than expected during the 40 days since we acquired it on November 22. People Express shares fell 5% to \$10 1/8 in early trading yesterday."

OIAG co-operates to form trading company

BY PATRICK BLUM IN VIENNA

METALLGESELLSCHAFT of West Germany and Louis Dreyfus of France have agreed to establish a new major trading company in Austria in co-operation with OIAG, holding company for the country's nationalised industries.

The new company, which has not yet been given a name, will also take a 49 per cent share in Voest-Alpine Intertrading, the trading subsidiary of Voest-Alpine, the state-owned steel, engineering, electronics and trading group which made record losses last year following disastrous speculation on the oil futures market.

Elin Union set to buy Felten

BY OUR VIENNA CORRESPONDENT

THE BOARD of Elin Union, the Austrian state-owned electrical group, has approved \$ch 750m (42m) financing to clear the way for the purchase of Felten-Gullauze Elektrotechnik, a subsidiary of Philips Kommunikations.

The deal which has been agreed in principle by Philips Kommunikations, part of Philips, the European electronics group, is expected to be approved finally next week at a supervisory board of OIAG, Austria's holding company for the nationalised industries, which must sanction the purchase.

Fleet owners' problems dent hopes of riding out the storm, writes David Dodwell
Shipping crisis rocks Hong Kong boats

THIS has been a bitter week for Mr Frank Chao, chairman of Wah Kwong, the faltering group that is Hong Kong's third largest shipper. It has been bitter less because he has been forced to seek a rescue from the company's bankers - with the reconstruction this almost certainly entails - than because of the grim satisfaction it will have given those who have for three years scoffed at his dogged insistence that he can ride out the world shipping industry's deep recession.

Coming just three months after C. H. Tung's shipping empire faltered, with debts of about \$2.4bn, the plea for help from Wah Kwong confirms that the world's shipping industry crisis has at last reached the marrow of the industry in Hong Kong.

By comparison with shippers elsewhere, the 70-odd owners based in Hong Kong have escaped remarkably unscathed by the industry's problems. Hong Kong remains the world's third largest shipping centre, after Japan and Greece. The fleet has fallen from a peak of 1,637 vessels and 63.7m dwt in 1982 to 1,262 vessels and 50m dwt today - about 7 per cent of the world's total. But the dilution has been orderly, and most operators claim they have a large proportion of their vessels on profitable charters.

Companies like Grand Marine and Wheelock Maritime have been liquidated in the past two years, but there have been special circumstances surrounding the demise of both of these. This has allowed some local shippers - Mr Chao conspicuous among them - to remain convinced that as long as they managed their businesses in the accustomed conservative way, then they could emerge intact from the current crisis.

Mr Chao refused to cut the size of his fleet, halt new ship orders, or write down the value of his fleet to present depressed levels. By maintaining a highly modern fleet, and by securing charters before making commitments to new buildings, he insisted he would be well poised to capitalise on the recovery he argued was round the corner.

Three months ago, Mr Chao said: "Shipping is at the lowest it has ever been, and we intend to take advantage of this and expand our shipping interests." It was not without reason that he earned the nickname "Frank 'Counterpunch' Chao."

The optimists' case has collapsed now that Mr Chao has at last succumbed. It will be some time before the size of his group's problems are made public, or before anyone knows the price he must pay in the reconstruction of the group.

Among its main creditors, the Standard Chartered Bank is understood to be owed in the region of HK\$1bn (US\$125m), with the Hong Kong and Shanghai Banking Corporation owed about half as much. These two banks were among the many willing to accept the logic of Mr Chao's case. As they begin to count their bad debts, it is certain they, as well as Wah Kwong and C. H. Tung, will pay a price for their optimism.

It has taken four collapses overseas to bring Wah Kwong to its knees. In 1984, bankruptcies at Irish Shipping and Scottish Ship Management cost Wah Kwong about US\$12m. Most serious of all was the collapse of Sanko in Japan in August last year, to which Wah Kwong had a number of vessels on charter. Finally, the tiny Karlander Kangaroo Line in Australia collapsed early this month with five vessels on charter from Wah Kwong. The failure could cost the Hong Kong shipper about US\$30m, shipping analysts say.

Mr Chao was at pains this week to emphasise that his fleet was continuing to operate normally. His problems probably pale into insignificance beside those of the C. H. Tung group. The group's publicly quoted Orient Overseas Holdings has a fleet of 55 vessels - most of them in the Orient Overseas Container Line.

C. H. Tung's shipping empire was seen as the second largest in Hong Kong. Its tangle of public and private subsidiaries are understood to owe 70 creditor banks about US\$2.4bn.

Among other shippers to admit serious troubles, the Jardine Matheson group last year decided to withdraw from shipping after making provisions amounting to HK\$554m against its shipping interests. This extraordinary item played a large part in producing an attributable loss for the group in 1984 of HK\$918m. From a peak of 35 vessels in 1982, Jardine now has just nine.

Hong Kong's biggest shipper, Sir Yue-Kong Pao's Worldwide group, is almost alone in continuing to appear healthy - and this results from a ruthless policy of ship disposal, and of writing down the value of the fleet as prospects in the sector have remained depressed.

From 202 vessels and 20.5m dwt in 1979, the Worldwide fleet has been trimmed to 88 vessels and 8.7m dwt today. Dr Helmut Sohm, who heads Sir Yue-Kong's shipping operations, has followed a policy of scrapping vessels whenever they come off charter with no immediate prospect of new ones to replace them. He has written vessels down to a point where their value reflects market value on a charter-free basis - which means that if a charterer defaults, the impact on the company is negligible.

He has ordered no new vessel for four years, and instead is committed to a policy of diversification.

Olivetti up 20% at year-end

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

OLIVETTI of Italy, Europe's leading manufacturer of office information equipment, increased its after-tax profits in 1985 by around 20 per cent to more than \$250m, Mr Carlo de Benedetti, chairman and chief executive, said yesterday.

Sales increased by some 31 per cent to around LA,900bn (\$3,57bn) compared with LA,378bn in 1984. Mr de Benedetti said sales in Europe, Olivetti's main market, rose by some 35 per cent. Net income as a percentage of sales in 1985 was around 8 per cent compared with 7.5 per cent in 1984.

He claimed Olivetti was now the world's second largest manufacturer of personal computers after IBM of the US, having passed Apple of the US in terms of monthly output in August 1985.

Mr de Benedetti was in Stockholm to announce the return of the Italian group to the Swedish market after a break of almost eight years.

Banks consider future of Hapag-Lloyd stake

BY RUPERT CORNWELL IN BONN

DEUTSCHE and Dresdner Banks, the two dominant shareholders in Hapag-Lloyd, indicated yesterday that they have not taken a final decision on whether to dispose of all or part of their combined stake of nearly 80 per cent in the West German shipping company.

Hapag-Lloyd was prevented from going under three years ago only by a cash injection of some DM 300m (\$126m) from its shareholders. Since then it has staged a recovery after a painful programme to shed jobs and overheads, and the sale of its air and sea freight services.

A loss of DM 150m in 1983 was turned into a net profit of DM 76m in 1984, and the recovery is thought to have continued last year.

CRA moves point to link with Germany

By Our Bonn Correspondent

SPECULATION that a link up between CRA, the Australian natural resources concern, and the steel divisions of the Krupp and Klöckner groups is again rife in West Germany - despite the collapse last year of original plans to that effect.

Klöckner announced only last week that it was boosting its co-operation with CRA in steel technology, and confirmed moreover that it would proceed with its plan to hive off its steel interests.

But the latest speculation surrounds reports that CRA, which despite last year's setback has not disguised its wish to strengthen its links with the West German steel industry, could take a stake of up to 50 per cent in Krupp Stahl, the steel division of the Krupp group.

Mr de Benedetti would not confirm the reports, but did say that discussions with CRA had never been broken off, despite the failure of plans to merge its steel interests with those of Klöckner, in a new company to have been called Stahlwerk Krupp-Klöckner (SKK). CRA would have held 35 per cent of its capital.

It is further suggested that any direct stake in Krupp Stahl by CRA would be preceded by CRA buying off interests not exclusively concerned with steel production. Krupp Stahl is 70 per cent owned by the Krupp group, with a further 25 per cent of its DM 573m (\$240m) capital in the hands of Iran. There have been cryptic and ambiguous hints that Tehran might be willing to withdraw, if the right offer came along.

CRA's immediate aim is to secure an outlet in Europe for its iron ore.

Bosch forms joint venture with Philips

By Our Bonn Correspondent

ROBERT BOSCH, the West German motor components and electrical group, is setting up a joint subsidiary with Philips of the Netherlands to concentrate their forces in the television studio equipment business.

The new unit, to be called Euro Television Systems, will be based at Darmstadt, near Frankfurt, West Germany, and will initially be equally owned by the two parents. However, Bosch will have "industrial leadership", and later is likely to take a majority stake in the venture.

About 2,400 employees at both groups, 2,000 of them at Bosch, will come under the umbrella of Euro Television Systems. The new company will take charge of Bosch's TV equipment division at Darmstadt and the video equipment activities of its US subsidiary, Robert Bosch Corporation at Salt Lake City, Utah.

Philips will contribute its own Philips Television Systems, of Mahwah, New Jersey, and its R&D and manufacturing activities in the field, based in Breda, the Netherlands.

The two parents have already notified "the appropriate authorities" of their plans, and will lodge a formal application for the link with the powerful Federal Cartel Office in Bonn.

The idea of the venture is to draw on the research and financial strengths of Bosch and Philips in the TV field to improve their position in the world market.

SAS to buy franchise

By Kevin Done in Stockholm

SAS, the Scandinavian airline, has signed an agreement in principle to buy the franchise for the Diners Club credit card in the five Nordic countries.

It is believed to be one of the first airlines in the world to buy a credit card operation, which it plans to use as part of its marketing of complete travel services to the businessman.

No price for the deal was revealed. It is buying Diners Club Nordic from Nevi, the Norwegian finance company, which owns 96 per cent of the shares, and Citicorp of the US, which holds the remaining 4 per cent.

There are around 150,000 Diners Club cardholders in the Nordic region.

Akzo lifts dividend as surplus increases

By Our Financial Staff

AKZO, the Dutch chemical group, reported a strong rise in profits for 1985 and is stepping up its dividend from F1 6 a share to F1 6.80.

Turnover for last year rose from F1 16.32bn (\$6.1bn) in F1 16bn and operating profits moved up to F1 1.47bn from the F1 1.34bn for 1984.

After substantially reduced financing charges, earnings at the net level are F1 840m, against F1 752m, an increase of 12 per cent. Acquisitions also helped boost profits.

Akzo forecast last month that profits for 1985 would show strong growth and added that the group outlook for 1986 was healthy.

Group financing charges last year eased to F1 190m from F1 255m. Tax totalled F1 465m, up from F1 368m in 1984. The net profit was also struck after an extraordinary gain of F1 5m, against a previous debit of F1 35m.

Akzo said its improved performance stems from diversification away from bulk chemicals and textile fibres towards special chemicals, coating and pharmaceuticals.


Kvaerner tops forecasts

By Fay Gjester in Oslo

KVAERNER, the Norwegian ship-building, heavy engineering and offshore fabrication group, reported better-than-expected profits for 1985 following high earnings during the last four months of the year.

Earnings for the year totalled NKR 360m (\$48.2m), on turnover of NKR 5.3bn, compared with an earnings forecast of NKR 320m.

In 1984, Kvaerner earned NKR 352m, before extraordinary items, on turnover of NKR 5.1bn. However, this included NKR 37m from ship sales, calculated as ordinary income.



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JAPANESE EQUITY WARRANTS SERVICE. Table with columns: ISSUER-Warrant expiry date, Current Market Price, and Other Calculations. Lists various Japanese companies like AICA KOYO, AJINOMOTO, CASIO COMPUTERS, etc.

NMB BANK. Nederlandsche Middenstandsbank nv. U.S.\$100,000,000 Floating Rate Notes due 1992. In accordance with the provisions of the Notes, notice is hereby given that, for the six months period, 31st January, 1986 to 31st July, 1986, the Notes will bear interest at the rate of 8 1/2% per cent. per annum.

INTL. COMPANIES & FINANCE

Bethlehem Steel drops payout as losses mount

BY OUR NEW YORK STAFF. BETHLEHEM STEEL, the third-largest US steel company, is to slash capital expenditure and omit its dividend for the second time in succession after running up losses of \$190m last year. The performance of the Pennsylvania-based group shows a considerable deterioration during 1985...

Swiss extend forward trading

By William Duffin in Geneva. THE ZURICH and Geneva stock exchanges are extending forward trading to Swiss bank and insurance company shares from next Monday in response to the accelerating internationalisation of financial markets.

Gaz Métropolitain, inc. (Incorporated in the Province of Quebec). Canadian \$20,000,000 17 1/2% Debentures due October 15, 1990. Canadian \$40,000,000 14 1/2% Debentures due December 1, 1992.

SGS profit forecast for 1986. By Alan Friedman in Agrate. SGS, Italy's leading micro-electronics company, said yesterday it expected to remain in loss for most of the first half of this year, but to close 1986 with a return to profit.

BCE returns strong results for year. BY ROBERT GIBBENS IN MONTREAL. BELL CANADA Enterprises (BCE) has become the first Canadian public company to achieve annual profits of more than C\$1bn (US\$709.2m).

The position is entirely different today. Bank shares are also more widely dispersed. Fluctuations in prices are less sharp and the market as a whole is much more liquid.

BASE LENDING RATES. Table listing various banks and their lending rates for different terms and currencies. Includes ASB Bank, Allied Bank, American Express, etc.

U.S. \$500,000,000 CITICORP. Subordinated Floating Rate Notes Due January 30, 1988. Notice is hereby given that the rate of interest has been fixed at 8 1/2% and that the interest payable on the relevant interest Payment Date 28 February, 1986 against Coupon No. 1 in respect of US\$10,000 nominal of the Notes will be US\$45.55.

Wells Fargo International Financing Corporation N.V. U.S. \$50,000,000 Guaranteed Floating Rate Subordinated Notes due 1996. In accordance with the provisions of the Notes, notice is hereby given that for the interest sub-period 31st January, 1986 to 29th February, 1986 the Notes will carry an interest rate of 8 1/2% per annum.

WORLD STOCK MARKET. CHECK EVERY DAY IN THE FT. Includes sections for KANSAS-OSAGE-PANKU and CITICORP.

Skis Rossignol expects 10% rise in earnings. BY PAUL BETTS IN PARIS. SKIS ROSSIGNOL, the French ski and sports equipment manufacturer, expects earnings to rise between 10 per cent and 15 per cent in the fiscal year from April 1986 to March 1987.

On the bigger Zurich stock exchange, forward trading in shares is still limited to maturities of three months. The stock exchange board evidently feared that dealers, who already handle a much larger turnover than the other exchanges, would not be able to cope with the extra volume.

U.S. \$50,000,000 Federal Business Development Bank / Banque fédérale de développement. 8 3/4% Notes Due February 18, 1993. The following have agreed to subscribe or procure subscribers for the Notes: Credit Suisse First Boston Limited, Banque Bruxelles Lambert S.A., Citicorp Investment Bank Limited, Daiwa Europe Limited, Nomura International Limited, Toronto Dominion International Limited, etc.

NEW ISSUE. 30th January, 1986. KOBE STEEL, LTD. U.S. \$100,000,000 5 3/8% per cent. Guaranteed Bonds 1991. unconditionally and irrevocably guaranteed as to payment of principal and interest by The Industrial Bank of Japan, Limited with Warrants to subscribe for shares of common stock of Kobe Steel, Ltd. Issue Price 100 per cent. Nomura International Limited, Kidder, Peabody International Limited, etc.

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997. CITICORP BANKING CORPORATION. Notice is hereby given that the rate of interest has been fixed at 8 1/4% and that the interest payable on the relevant interest Payment Date April 30, 1986 against Coupon No. 5 in respect of US\$10,000 nominal of the Notes will be US\$202.41.

US\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996. CITICORP BANKING CORPORATION. Notice is hereby given that the rate of interest has been fixed at 8 1/4% and that the interest payable on the relevant interest Payment Date April 30, 1986 against Coupon No. 6 in respect of US\$10,000 nominal of the Notes will be US\$202.41.

Handwritten Arabic text at the bottom of the page.

INTL. COMPANIES

TNT builds profits on overnight success

THE TWIN towers of TNT... profits trough in 1982-84 is a thing of the past.

On one estimate, that of A. C. Cooke, TNT's net profit this year could improve from A\$175.6m to A\$108m, and to almost A\$130m in 1986-87.

More than neighbours, TNT and News are the best of partners, as the print unions have discovered in the UK.

Like News, TNT is among Australia's 30 biggest companies, with market capitalisation of about A\$900m (US\$640m).

And, like News, it has prospered internationally, building what is probably the most complete and integrated range of transport services in the world.

Services include general and express freight, bulk and local carriage, refrigerated transport and storage, radio-controlled courier delivery, warehousing and distribution, payroll delivery, professional printing, shipping, and waste disposal.

Mr Ross Cribb, TNT's chief general manager, said yesterday that TNT's new UK role as Murdoch's distributor with new staff, new vehicles, and an entirely separate division.

But TNT is hardly conquering fresh territory. Although its prominence in the UK, where it operates mainly express consignments and parcel services, has only become apparent relatively recently, it has operated in Britain since 1972.

"We've taught England what overnight transport is all about," says Mr Cribb. "When we arrived in England there was no real competition, apart from national express companies."

In 1984-85, TNT's UK revenue was about \$22m (\$58.5m) as a result of the Freight Forwarder's Express overnight services.

As a result, TNT's UK revenue was about \$22m (\$58.5m) as a result of the Freight Forwarder's Express overnight services.

The Nippon Credit Bank (Curacao) Finance N.V.

US\$ 100,000,000 12% Guaranteed Notes due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(b) of the Notes, US\$ 21,000,000 principal amount of the Notes has been drawn for redemption on the 3rd March, 1986, at the redemption price of 101% of the principal amount, together with accrued interest to 3rd March, 1986.

The serial numbers of the Notes drawn for redemption are as follows:—

Table of serial numbers for US\$ 100,000,000 12% Guaranteed Notes due 1992. The table lists 100 serial numbers in two columns, ranging from 1 to 100.

Dubai claim by US bank

BANKERS TRUST OF New York has filed a claim in the Dubai courts against the Galadari brothers, two prominent local traders who are the subject of a court action initiated last week by Dubai Bank.

The suit by the US bank is separate to that filed by Dubai Bank, a hearing on which was adjourned yesterday.

The Dubai Inter-Continental Hotel is one of a range of assets of the Galadari group on which Bankers Trust has requested an attachment. However, a Citibank group of nine creditor banks has a registered mortgage on the hotel.

After Dubai Bank and the Citibank syndicate, Bankers Trust is the largest single Galadari creditor. Last week's court action by Dubai Bank cited claims of over Dh300m (\$100m).

A total of 15 banks have outstanding loans with the group owned and managed by Mr Abdul Rahim Galadari and Mr Abdul Latif Galadari, the brothers, recently settled with four of the original 19 banks.

Mr Cribb, asked whether the planned Channel fixed link between Britain and France would aid transport companies' profits in Europe, replied, without drawing breath: "I hope I live to see it."

The international transport concern helping to deliver Rupert Murdoch's newspaper plans is examined by Michael Thompson-Noel

At a mid-December price of A\$2.55, the shares were trading at an 18 per cent discount on the Australian All-Industrials average for prospective 1986-87 earnings which probably explains TNT's recent share price buoyancy. They closed yesterday at A\$2.55.

In North America, where a loss of A\$22.7m in 1985-86 was converted into a A\$85m profit last year, the group is carrying tax loss benefits of approximately US\$100m. As a result, improvement in US profitability will flow directly into group earnings.

Part of TNT's North American strategy is to become the leading door-to-door commodity carrier by acquiring trucking companies with a strong regional base and grafting them into a comprehensive network.

At home, TNT operates Australia's largest transport system and gross profits could well grow by about 17 and 13 per cent over the next two years.

But it views all things eagerly. Mr Cribb, asked whether the planned Channel fixed link between Britain and France would aid transport companies' profits in Europe, replied, without drawing breath: "I hope I live to see it."

Modest growth at Shiseido

By Yoko Shibata in Tokyo. SHISEIDO, Japan's top cosmetics company, yesterday reported pre-tax profits of Y1.02bn (\$102.2m) for the year to November, up 0.6 per cent.

Parent net profits rose 5 per cent to Y12.03bn on sales of Y239.23bn, up 1.8 per cent. A modest growth rate which was blamed on the fall in demand for products for men.

An additional investment of some Y9bn in bonds and other securities, more than offset foreign exchange losses of a little over Y900m. The annual dividend is unchanged at Y10 per share.

For the current year, Shiseido forecasts pre-tax profits of Y23.4bn, up 3 per cent, with net profits of Y13.3bn, ahead by 2.1 per cent, on sales of Y246bn, a rise of 2.8 per cent.

Citic begins direct talks on Ka Wah Bank takeover

BY DAVID DODWELL IN HONG KONG. SONG ZEMING, vice president of Citic International Trust and Investment Corporation (Citic), the Peking-based financial services group, arrived in Hong Kong yesterday to begin direct negotiations over Citic's planned takeover of the ailing Ka Wah Bank.

Earlier this month Citic agreed in principle that it would take a 90 per cent stake in Ka Wah, which has 27 branches in Hong Kong, and in which the Singapore-based Low family has a 40 per cent holding.

Bankers Trust Company

Dashwood House 69 Old Broad Street London ECP 2EE

Banque Indosuez Luxembourg

39 Allée Scheffer Luxembourg

Swiss Bank Corporation

Aeschenvorstadt 1 CH-4002 Basle Switzerland

Bankers Trust Company, London

Agent Bank

31st January, 1986

INTERNATIONAL COMPANIES and FINANCE

Canadian Euroyen bond succeeds

BY ALEXANDER NICOLL

CANADA YESTERDAY met a warm reception when it launched the largest issue yet seen in the Euroyen bond market.

First Boston. The indicated coupon is 6 1/2 per cent and conversion premium 16 to 20 per cent, with pricing due by Thursday.

US reopens foreign targeted debt sales

By Maggie Urry

THE US Treasury is reopening its programme of debt sales targeted at foreign investors, after a pause since last June.

The first issue, a four-year bond, will be received with bids for four times the \$1bn on offer.

Japanese banks' lending abroad overtakes US

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

JAPANESE banks now far outstrip their US counterparts in terms of the volume of their international lending.

Other national groups come well behind the two front runners, with British-owned banks in fourth place with a share of just 7.4 per cent.

International assets and liabilities by bank nationality

Table with 3 columns: Country, Assets, Liabilities. Rows include Japan, US, France, UK, Germany.

Figures in \$bn as of September 1985. Source: BIS.

Olivetti plans fixed-rate Swiss issue

By Alan Friedman in Milan

OLIVETTI, Italy's leading office automation group, is planning to launch a fixed-rate issue on the Swiss franc foreign bond market.

Higher February DM calendar

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

WEST GERMAN banks have registered a calendar of 26 D-Mark Eurobonds totalling DM 6.71bn for issue in February.

It was impossible to predict how much of February's calendar would actually hit the market.

The new calendar includes 20 fixed-rate issues for a total of DM 5bn, but only one floating-rate note for DM 250m.

International placement by UBF

By Our Euromarkets Staff

Union Bank of Finland (UBF) has become the first Finnish bank to place shares internationally.

The total 15m limited-voting shares available, 5m have been pre-placed by First Fin.

Generale Bank launches hedging tool

BY PAUL CHEESEBRIGHT IN BRUSSELS

GENERALE BANK, the biggest of the Belgian commercial banks, yesterday launched what it claims is a "unique tool" for hedging against foreign exchange risks.

is directed initially at Belgian corporations. Nearly three-quarters of Belgium's foreign trade is invoiced in foreign currencies.

At SECI he was in charge of syndication, trading and placing of bonds and had played an active role in the development of the bank's Euro-equity business.

An unusual aspect of the planned bond offer is that Italian residents will be able to buy the Swiss franc paper without conforming to Italian exchange controls.

Theo Max van der Beugel dies at 39

By Our Euromarkets Staff

Mr Theo Max van der Beugel, a managing director of Swiss Bank Corporation International, has died suddenly, aged 39.

A lawyer by training, Mr van der Beugel had been at Swiss Bank Corporation for six years and was regarded by colleagues as well as bankers in rival houses as one of the most able bankers in the Eurobond market.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on January 30.

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield. Includes US Dollar Straights and Other Straights.

Capital Holding \$185,000,000 Multi-Option Facility. Lists participating banks such as Chase Investment Bank, Bank of America National Trust, etc.

Domestic Bond Markets

Tokyo lower after early rise

THE YEN bond market closed lower as early bullish sentiment, due to sharp falls in short-term interest rates, dissipated on fears of a 0.2 percentage point cut in the coupon rate on the February 10-year government bonds to 5.9 per cent.

The yield of the key No. 78 6.2 per cent 10-year government bond was 5.86 per cent in late trading against 5.44. The old benchmark No. 68 bond yield was 5.86 per cent against 5.94.

Frankfurt down in active trade

IN FRANKFURT domestic bonds ended lower in moderately active bond trading, with many investors on the sidelines because of confusion about the direction of US interest rates.

French T-bills top FFr 10bn

THE FRENCH Treasury bill market is developing strongly with some FFr 10.5bn of bills issued since the market's launch last December.

Convertible Bonds

Table with columns for Bond Name, Conv. Price, Bid, Offer, Day, Week, Yield.

SWISS FRANC

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield.

YEN STRAIGHTS

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield.

Other Straights

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield.

Notes

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield.

Notes

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Notes on bond pricing and market conditions.

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Vertical text on the right edge of the page, including "JUSCO CO. LTD" and other markings.

Beecham denies it is in bid talks

Beecham denied strongly yesterday that it is in takeover or merger talks. In a formal statement to the Stock Exchange, the group said "no takeover or merger discussions have been held, and the company knows of no circumstances which indicate that a bid is under contemplation."

Fisons in Mexican pharmaceutical deal

Fisons announced yesterday that it has acquired Bracco De Mexico, a Mexican pharmaceutical company, for £2.1m. The company said the deal—which is subject to approval from the Mexican Government—allows it to manufacture and sell its range of anti-allergy drugs throughout Mexico, the world's 12th largest pharmaceutical market.

Guinness pay rise

Mr Ernest Saunders, the Guinness chief executive, received a 36 per cent pay rise last year. The company's annual report shows his pay rising from £150,990 to £195,990.

British Land sale

The British Land Company has completed the sale of its 50 per cent interest in Guildhall Investment Management to Asset Special Situations Trust. British Land's, and its associated pension funds', holdings of 2.53m Asset Shares have been placed with institutional investors for about £2m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

JUSCO CO. LTD.

At a meeting of the Board of Directors of the above Company held on 14th January 1986 it was resolved that a free distribution of fully paid shares of common stock to shareholders on the register of shareholders as at 20th February 1986 be made on the basis of one new share for every twenty shares then held.

Weir forecasts 32% profit rise

Weir Group, the engineering company, yesterday announced an estimated 32 per cent increase in 1985 pre-tax profits and appeared to be preparing to vote on the £12m contested takeover bid for Yarrow, its Glasgow neighbour. Shares in Yarrow rose sharply, to close at 830p, up 57p on the day, in anticipation of a higher offer.

ERIC and Goal in fresh share shuffle

ERIC and Goal in fresh share shuffle. The SHAKING OUT in the UK independent oil sector took a fresh twist yesterday with a series of major share purchases which will affect the future of two companies—Energy Recovery Corporation, and Goal Petroleum. ERIC's remaining 11 per cent stake in Goal, which holds a coveted 5 per cent stake in the Wyth Farm Oilfield, was sold in the market to Electra Investment Trust and Bricombin Investments, a subsidiary of British and Commonwealth. The two groups now have 5.16 per cent of Goal each.

ML Holdings past £700,000

M. L. Holdings, manufacturing engineer, has increased interim taxable profits from £423,000 to £707,000 on turnover ahead from £1.6m to £2.3m. The dividend for the six months to end-September 1985 has been raised by 15 per cent from 2p to 2.9p, which is comfortably above the 2.5p earnings per share of 11.15p against 6.01p.

Kwik-Fit in £1.2m purchase

Kwik-Fit (Tyres and Exhausts) has agreed to acquire Monarch Motoring Centres from the BVS Group for £1.2m cash. Monarch operates from nine locations in the West Midlands and is a major supplier of Kwik-Fit's chairman, said yesterday the deal was important in that it would give his company sites in areas where currently it is not represented.

to continue for some years. It also estimated that net borrowings on December 27 totalled £12.2m (£19m) with share capital and reserves of £48.2m (£46.4m), giving gearing of 25.3 per cent (40.9 per cent). Last week Yarrow forecast that its pre-tax profits would rise 36 per cent to at least £2m in the year to June, and promised shareholders a near 17 per cent dividend increase. The profits increase is due partly to a £500,000 contribution from a pension payment holiday.

Hanson says Imperial has lost its way

Hanson Trust, which is making a £1.8m takeover bid for Imperial Group, the cigarettes, food and brewer, yesterday said it had lost its way and had a "desperate need for a new culture and strategic direction". Imperial, in a defence document issued earlier this month, attacked Hanson for operating in a "desperate and unbusinesslike" way, and said that, contrary to the general impression, the performance of most of its businesses was mediocre.

WIGGINS GROUP turn round

WIGGINS GROUP turn round from losses of £101,000 to pre-tax profits of £120,000 in the six months to end-September 1985. A tax credit of £130,000 (£90,000) left net profits at £250,000 (losses £11,000), for earnings per 10p share of 2.9p (losses 0.1p).

ENERGY RECOVERY Investment Corporation

ENERGY RECOVERY Investment Corporation, clients of the Wiggins Group and Banque de Gestion Privee, have sold their total holding of 4.42m shares (53.8 per cent). T. R. Energy has bought the remainder by tender by Border and Southern Stockholders at 90p each. Clients of John Govett now hold 3.23m shares (25.4 per cent).

COMPANY NEWS IN BRIEF

able loss was £19,000 (£30,000 profit). SPAFAX Television Holdings, a USM-noted corporate video film company, achieved pre-tax profits of £292,000 (£370,000) in the six months to end-September 1985. Directors say that the two main factors affecting profits were a lower level of realised investment gains and the initial costs of about £15,000 relating to the new division, Ocesa Asset Management. The company does not pay interim dividends.

Kunick buys managers of Wham! pop group

KUNICK LEISURE, the fast-growing entertainment group, yesterday announced a 67 per cent increase in profits for the year ended September 30 1985 and revealed that it had just acquired Nomis Management, which manages the pop group Wham! Mr David Hadd, the chairman, said he was disappointed by a reduction in trading profit from £668,000 to £546,000 and said the main improvement had come from an injection of £545,000. "It has been a year of transition for us," he said.

ML Holdings past £700,000

ML Holdings, manufacturing engineer, has increased interim taxable profits from £423,000 to £707,000 on turnover ahead from £1.6m to £2.3m. The dividend for the six months to end-September 1985 has been raised by 15 per cent from 2p to 2.9p, which is comfortably above the 2.5p earnings per share of 11.15p against 6.01p.

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COMPANY NEWS IN BRIEF

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M&G profits up by 43% to £10m

AN ALL-ROUND improvement in performance boosted the results of M & G Group unit trust group by almost 43 per cent in the year to September 30 1985. Pre-tax profits rose 42.8 per cent from £7.1m to £10.14m, and the dividend is lifted to 9p, making 13p for the year, against 12.5p in 1984-85 after adjusting for the one-for-one scrip issue. Earnings per share amounted to 22.80p, against 25.1p, and assets per share at the year-end were up from 134.49p to 182.85p.

Sycamore loss halved

THE MAJOR rationalisation measures undertaken by Sycamore Holdings, formerly known as Burco Dean, enabled the company to move back into profit in the second half of 1984-85 and cut its full year losses by £775,000 to £820,000 pre-tax. However, there is no dividend—last year shareholders received only an interim payment of 0.1p.

WIGGINS GROUP turn round

WIGGINS GROUP turn round from losses of £101,000 to pre-tax profits of £120,000 in the six months to end-September 1985. A tax credit of £130,000 (£90,000) left net profits at £250,000 (losses £11,000), for earnings per 10p share of 2.9p (losses 0.1p).

ENERGY RECOVERY Investment Corporation

ENERGY RECOVERY Investment Corporation, clients of the Wiggins Group and Banque de Gestion Privee, have sold their total holding of 4.42m shares (53.8 per cent). T. R. Energy has bought the remainder by tender by Border and Southern Stockholders at 90p each. Clients of John Govett now hold 3.23m shares (25.4 per cent).

COMPANY NEWS IN BRIEF

able loss was £19,000 (£30,000 profit). SPAFAX Television Holdings, a USM-noted corporate video film company, achieved pre-tax profits of £292,000 (£370,000) in the six months to end-September 1985. Directors say that the two main factors affecting profits were a lower level of realised investment gains and the initial costs of about £15,000 relating to the new division, Ocesa Asset Management. The company does not pay interim dividends.

East Rand Consolidated PLC (Reg No 01/08765/10) (ERC) Notice to shareholders 1. Introduction On 26 March 1985, shareholders were informed that the drilling results on the vanadium deposit on the Farm Kennedy's Vale No. 361 K.T. ('Kennedy's Vale') indicated that exploitation thereof would be economic. A company, RHODIUM REEFES LIMITED - since renamed VANSA VANADIUM S.A. LIMITED (Reg No 84/11475/06) ('VANSA') - was formed to acquire the mineral rights over Kennedy's Vale as well as certain other properties and to mine and produce vanadium from Kennedy's Vale.

UK COMPANY NEWS

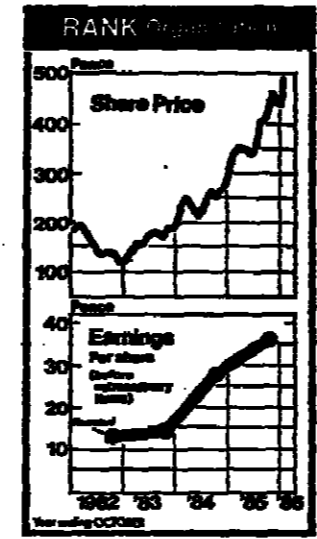
Rank rises 30% as growth gets underway

Rank Organisation, the leisure and entertainment group, yesterday best City estimates when it unveiled its 1985-86 results showing profits some 30 per cent ahead of those of the previous year.

Mr Patrick said the group now had an asset value per share which could "really earn its keep". He saw considerable prospects for further growth in profitability from leisure and precision industries business.



Mr Michael Gifford, chief executive of Rank Organisation



Rank Organisation

Mr Michael Gifford, chief executive of Rank Organisation, said the group's share price had risen 30% over the last 12 months.

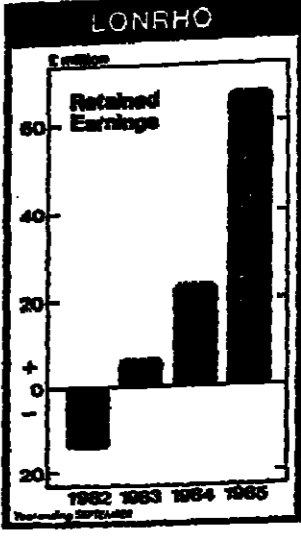
Share Price and Earnings for Rank Organisation from 1982 to 1985. The share price rose from approximately 100 in 1982 to 300 in 1985. Earnings per share rose from approximately 10 to 30 over the same period.

Associated Fisheries lifts profit by 65%

Associated Fisheries, operator and manager of fishing vessels and fish processors, has increased full year taxable profits by nearly 65 per cent from £2.0m to £3.45m.

Lonrho lives up to market expectations with 17% increase

Lonrho, the international conglomerate, turned in results for 1985 in line with market expectations, with pre-tax profits up 17 per cent and earnings per share 22 per cent higher.



Lonrho

Retained Earnings for Lonrho from 1982 to 1985. The chart shows a steady increase in retained earnings, rising from approximately 20 in 1982 to 60 in 1985.

Associates boost for Douglas

CIVIL engineering and building contractor Robert M Douglas Holdings continued its recovery with pre-tax profits in the half year to September 30 1985 of £583,000 against a loss of £295,000 in 1984.

Mr John Douglas, the chairman, said overseas operations were profitable but in the UK both the construction and specialist contracting divisions made losses.

Domino up by 46% and still growing

Domino Printing Sciences, which obtained a listing in May 1985, has achieved a 46 per cent increase in pre-tax profits for the year to October 31 1985.

Mr Minto comments that since the year end the sale of inks continues to show strong growth. The company's growth in the existing business. There has been particularly rapid growth in sales and profits in Germany and the Netherlands.

Mr Minto says that since the year end the sale of inks continues to show strong growth. The company's growth in the existing business. There has been particularly rapid growth in sales and profits in Germany and the Netherlands.

figures. The pre-tax line may seem no more than an target but it has been met after a year's unexpected £305,000 write-off against the cash purchase of Cydlop printers.

Table for Granville & Co. Limited showing company performance metrics like High/Low, Price Change, and % Change.

Raglan Property up to £0.12m

THE INCREASING activity seen last year at Raglan Property Trust has come through in figures for the six months to the end of September 1985.

Turnover rose from £81,000 to £45,000. But the cost of sales also increased from £194,000 to £43,000, and pre-tax profit was 11 per cent ahead at £122,000 against £110,000 last time.

properties or sites look sticky and are being cleared out at a below the line loss. But within the hopeful class must come Evesham, potentially half as big again as Witney if planning and all being the same.

Castle backs Crucible offer

THE BOARD of First Castle Electronics yesterday agreed to recommend Crucible's improved £48m bid for the company to shareholders.

Baring Bros buys more Newman shares

Baring Brothers, the merchant bank advisers to McKeeMcKee Brothers, which is making a contested bid for Newman Tonks, has acquired a further 600,000 Newman shares at prices between 126p and 124p a share.

Dividends Announced

Table listing dividends for various companies including Associated Fisheries, BHS Group, and Domino Printing.

Advertisement for BAILEY SHATKIN, a Five-Star-Service on the world's futures markets. Includes contact information for London, Germany, and Switzerland.

Advertisement for Daejan Holdings, a property investment and trading group. Includes contact information for London.

Advertisement for LADBROKE INDEX, a financial index based on FT indices. Includes contact information for London.

Advertisement for CANADIAN CO-OPERATIVE CREDIT SOCIETY LIMITED, offering revolving underwriting facilities. Includes contact information for London.

Advertisement for CANADIAN CO-OPERATIVE CREDIT SOCIETY LIMITED, offering revolving underwriting facilities. Includes contact information for London.

Advertisement for Lombard North Central, offering 14 Days Notice and Cheque Savings Accounts. Includes interest rates and contact information for London.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, including Unit Trusts and Insurances, with columns for company names, addresses, and contact information.

INSURANCES

Handwritten note: مكاتب الأرحل

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

Table titled 'OFFSHORE AND OVERSEAS' listing international investment funds and their performance metrics.

Main table listing a wide variety of money funds, including domestic and international options, with columns for fund names and values.

Table titled 'Money Market Bank Accounts' listing various bank accounts and their interest rates.

Table titled 'OPTIONS' listing 3-month call rates for various assets.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak on poor data

The dollar reacted sharply to disappointing US economic data yesterday... The D-mark was firmer in Frankfurt yesterday, helped by the dollar's sharp fall on disappointing US economic data.

£ IN NEW YORK

Table with columns: Closing Rate, Jan. 30, Prev. close. Rows for 1 month, 3 months, 6 months, 12 months.

There were numerous rumours circulating the market about possible intervention by the US Federal Reserve... The pound tended to stay on the sidelines for much of the day, overshadowed by the dollar.

FINANCIAL FUTURES

Some recovery

Prices of dollar dominated contracts fell on the London International Financial Futures Exchange yesterday... The D-mark was firmer in Frankfurt yesterday, helped by the dollar's sharp fall.

JAPANESE YEN

Trading range against the dollar in 1985 was 253.15 to 193.50... The yen was stronger against the dollar in Tokyo yesterday as the US unit reacted to further comments urging a reduction in US interest rates.

CURRENCY MOVEMENTS

Table showing currency movements for Jan 30, including Sterling, US dollar, Canadian dollar, etc.

OTHER CURRENCIES

Table showing other currencies like Argentine, Australian, Canadian, etc.

CURRENCY RATES

Table showing currency rates for Jan 30, including Sterling, US dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for 11:00 a.m. on Jan 30.

LONDON MONEY RATES

Table showing London Money Rates for Jan 30, including Treasury Bills, etc.

LONDON

Table showing London market data for 24-hour 2 1/2% NATIONAL GILT, etc.

CHICAGO

Table showing Chicago market data for US Treasury Bonds, etc.

US TREASURY BONDS

Table showing US Treasury Bonds data for 24-hour 2 1/2% NATIONAL GILT, etc.

US TREASURY BONDS (cont)

Table showing US Treasury Bonds (cont) data for 24-hour 2 1/2% NATIONAL GILT, etc.

US TREASURY BONDS (cont)

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US TREASURY BONDS (cont)

Table showing US Treasury Bonds (cont) data for 24-hour 2 1/2% NATIONAL GILT, etc.

BRENT OIL \$20.00, \$18.00, \$15.00 ?? STERLING \$1.4200, \$1.4150, \$1.3850 ?? USE YOUR TELERATE SCREEN FOR TODAY'S PRICES. CALL LINDSAY HORN 01-583 0044.

Legal Notices: IN THE MATTER OF "PROCO" PROJECT DEVELOPMENT CONSULTANTS LIMITED AND IN THE MATTER OF CYPRUS COMPANIES LAW CAP 113.

Company Notices: REPUBLIC OF SOUTH AFRICA US\$25,000,000 5% 1972/87. NOTICE IS HEREBY GIVEN that the creditors of the above-named company...

Company Notices: THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION PLC. 5% Debenture Stock 1984-88.

Company Notices: COMPANIA TELEFONICA NACIONAL DE ESPANA. Floating Rate Note Issue 1980/1991 of US\$ 50 million.

\$ WORLD VALUE OF THE DOLLAR \$

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON. The table below gives the rates of exchange for the US dollar...

Table showing World Value of the Dollar with columns for Country, Currency, and Value of Dollar.

MONEY MARKETS

Interest rates eased slightly on the London money market yesterday, but dealers are very cautious about next Tuesday's UK money supply and bank lending figures.

London rates slightly easier

Interest rates eased slightly on the London money market yesterday, but dealers are very cautious about next Tuesday's UK money supply and bank lending figures.

NEW YORK RATES

Table showing New York Rates for Jan 30, including Prime rate, Treasury Bills, etc.

MONEY RATES

Table showing Money Rates for Jan 30, including Frankfurt, London, etc.

LONDON SHARE SERVICE

Table containing various financial data including 'BRITISH FUNDS', 'AMERICANS - Cont.', 'CANADIANS', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', 'LOANS', 'FOREIGN BONDS & BILLS', and 'AMERICANS'.

Table containing various financial data including 'BUILDING, TIMBER, ROADS - Cont.', 'DRAPERY & STORES - Cont.', 'ELECTRICALS', 'CHEMICALS, PLASTICS', 'DRAPERY AND STORES', 'BEERS, WINES & SPIRITS', 'HOTELS AND CATERERS', and 'INDUSTRIALS (Misc.)'.

Table containing various financial data including 'INDUSTRIALS - Continued', 'ELECTRICALS', 'CHEMICALS, PLASTICS', 'FOOD, GROCERIES, ETC', 'HOTELS AND CATERERS', and 'INDUSTRIALS (Misc.)'.

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Financial Times Friday January 31 1986

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms, with columns for stock price, high, low, and volume.

LEISURE - Continued

Table of leisure-related stocks such as British Airways, British Petroleum, and various entertainment and travel companies.

PROPERTY - Continued

Table of property-related stocks including real estate investment trusts and construction companies.

INVESTMENT TRUSTS - Cont.

Table of investment trusts, including various equity and income funds.

FINANCE, LAND - Cont.

Table of finance and land-related stocks, including banks and insurance companies.

MINES - Continued

Table of mining stocks, including various metal and coal mining companies.

INSURANCES

Table of insurance stocks, including life and general insurance companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks, including car manufacturers and aviation-related firms.

SHIPPING

Table of shipping stocks, including major shipping lines and maritime services.

SHOES AND LEATHER

Table of shoes and leather goods stocks, including footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks, including various local and international companies.

OVERSEAS TRADERS

Table of overseas trading stocks, including international trade and commodity companies.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks, including media and publishing companies.

TEXTILES

Table of textile stocks, including clothing and fabric manufacturers.

TOBACCO

Table of tobacco stocks, including major tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks, including investment and real estate firms.

PLANTATIONS

Table of plantation stocks, including rubber and other agricultural companies.

MISCELLANEOUS

Table of miscellaneous stocks, including various other companies and sectors.

PROPERTY

Table of property-related stocks, including real estate and construction firms.

LEISURE

Table of leisure-related stocks, including entertainment and travel companies.

INVESTMENT TRUSTS

Table of investment trusts, including various equity and income funds.

FINANCE, LAND, etc

Table of finance, land, and other stocks, including banks and insurance companies.

MINES

Table of mining stocks, including various metal and coal mining companies.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks, including companies from various countries.

Notes and regional/irish stocks section containing detailed information, disclaimers, and lists of regional and Irish companies.

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Norway, Australia, and Japan. Columns include country, date, price, and change.

Table of stock market data for Canada, including Toronto and Montreal. Columns include stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of over-the-counter stock prices for various companies, including Intel, Microsoft, and others.

NEW YORK STOCK EXCHANGE

Table of New York Stock Exchange data, including indices, trading volume, and market status.

INDICES

Table of various stock indices from different countries and regions, including Australia, Germany, and Japan.

Chief price changes LONDON

Table of price changes for various commodities and stocks in London, including oil, metals, and currencies.

NORTH AMERICAN QUARTERLY RESULTS

Table of quarterly financial results for major North American companies, including revenue, profit, and dividends.

UK COMPANY NEWS IN-DEPTH REPORTING DAILY IN THE FT

WORLD TRADE NEWS

GLOBAL COMMENT DAILY IN THE FT

36 Prices at 3pm, January 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and changes.

Continued on Page 37

Handwritten Arabic text at the bottom of the page.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Prices at 3pm, January 30

Table of Prices at 3pm, January 30 listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER

Quoted national market, 2:30pm prices

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

Continued on Page 36

Continuation of NYSE Composite Prices table from page 36.

Continued on Page 35

Continuation of AMEX Composite Prices table from page 35.

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